



LC TX

LEAGUE CITY



Fiscal Year 2025

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2025



281-554-1000



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CITY OF LEAGUE CITY
300 W. Walker St., Texas 77573

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

CITY OF LEAGUE CITY, TEXAS

**For the Year Ended
September 30, 2025**

**Prepared by:
Finance Department**

**Kimberly Corell
Director of Finance**



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 Annual Comprehensive Financial Report
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Introductory Section

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March 16, 2026

Mayor, Members of the City Council, and
Citizens of the City of League City:

The Annual Comprehensive Financial Report of the City of League City, Texas (the “City”) for the fiscal year ended September 30, 2025, is herein presented. Responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

This report consists of management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City’s financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by Weaver and Tidwell, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2025, are free from material misstatement.

The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of League City is located 25 miles south of downtown Houston, Texas in northern Galveston County and the southern part of Harris County. As of January 2025, the City has a population estimated at 123,910 and encompasses an area of 53 square miles. The City adopted a “Home Rule Charter” on March 27, 1962. That charter provided for the “Mayor-Council” form of government as referenced in Vernon’s Annotated Civil Statutes, Art. 1164 et seq. In May 2010, the voters of League City elected to adopt a “Council-Manager” form of government.

The City provides a full range of municipal services. These services include police, fire (volunteer department), emergency medical services, animal control, and municipal court facilities; the construction and maintenance of streets, water, wastewater, drainage systems, and other infrastructure; recreational parks, swimming pools, and athletic fields; a public library and other facilities used for various cultural and civic activities. The City’s water and wastewater system serves nearly all residential and commercial locations within its limits. The City utilizes the services of a contractor in order to provide solid waste collection services and residential recycling.

The following entities have met the requirements for component units and have appropriately been included within the financial statements:

City of League City 4B Industrial Development Corporation
City of League City Tax Increment Reinvestment Zone No. Four – Westwood
City of League City Public Improvement District No. One – Magnolia Creek
City of League City Public Improvement District No. Two – Victory Lakes
City of League City Public Improvement District No. Three – CenterPointe
City of League City Public Improvement District No. Five – Park on Clear Creek

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The activities of the General Fund, Debt Service Fund, and certain individual Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control is at the department level in each fund as provided in the City Charter.

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Economic Condition and Outlook

The economic condition and outlook for League City are positive, based upon strong local and regional growth. Given the attractiveness of the region, the opportunities for new development in nearly one-half of the City, and the responsible approach to managing growth adopted by City leadership, the prospect of additional, steady, and healthy growth is highly likely. The 2010 Census placed League City's population at 83,560, which is an 84% increase over its population of 45,444 in 2000. The 2020 Census placed League City's population at 114,392, which is a 36% increase over its population of 83,560 in 2010, and League City's population is currently estimated at 125,884 as of January 1, 2026. League City is the largest city in Galveston County, which has transformed from a small town into a bustling suburban community.

League City, like much of the Greater Houston Region, has been characterized by steady, long-term growth. Due to its proximity to the petrochemical plants in surrounding communities, League City has been positively impacted, both directly and indirectly, by oil and gas prices. In 2025, League City continued to see new construction of all types, and the community continues to be a highly attractive location for families and businesses alike. Between 2016-2025, an annual average of 654 new home construction permits were granted with 820 in 2016, 767 in 2017, 671 in 2018, 802 in 2019, 484 in 2020, 352 in 2021, 329 in 2022, 578 in 2023, 1,032 in 2024, and 704 in 2025. An additional 9,000 homes are expected to be built in Western League City in the upcoming years.

In April 2018, the Mayor and City Council collaborated with the City Manager and Executive Staff to develop League City's Strategic Action Plan. Adopted formally by the City Council in June 2018, the framework of the plan consists of a vision statement for the City's future "League City – the best place to live, work, and play." The plan also consists of eight critical success factors, which are listed below.

-  ***Develop and Maintain our Infrastructure***
-  ***Financially Sustainable***
-  ***Safe and Desirable Community***
-  ***Quality Community Amenities***
-  ***Trained, Committed, and Valued Workforce***
-  ***Engaged Residents***
-  ***Economic Development and Tourism***
-  ***Quality-Built Environment***

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This **Economic Outlook** highlights League City's major assets and strengths:

Strategic Location

The City's strategic location at the nexus of I-45 and the future Grand Parkway, midway between Houston and Galveston, offers access to four major ports – Houston, Freeport, Texas City, and Galveston – Hobby International Airport, and the Houston Spaceport, which is the only spaceport located within a major metropolitan area of the USA.

Strong relationships with the energy/petrochemical, aerospace, medical/life sciences, professional services, global logistics, and tourism industries make the City an attractive community for doctors, engineers, astronauts, business owners, highly skilled workers, and their families to live, work, play, and stay.

Medical/Life Science

In conjunction with corporate offices and destination retailers, much of the City's primary job footprint and daytime population is associated with the medical sector:

The University of Texas Medical Branch (UTMB) will undertake a \$300 million expansion of its League City Hospital Campus with completion anticipated by 2030. The approximately 177,000-square-foot project, including 32,000 square feet of shell space, will more than double emergency capacity through construction of a new 40-bed emergency department, while converting the existing 17-bed ER into a 20-bed observation unit to improve patient flow and access to care. The expansion will also enable development of a new 20-bed medical-surgical unit by relocating administrative offices, training facilities, and outpatient rehabilitation services into newly constructed space. Clinical enhancements include expanded MRI, CT, ultrasound, fluoroscopy, and procedural imaging capabilities, renovation and enlargement of laboratory space to accelerate diagnostics, and expansion of the inpatient pharmacy to optimize medication management. Infrastructure improvements will add new generators and utility capacity modules to strengthen facility resiliency. This investment represents the next major phase of growth for the campus following its 2016 opening and 2020 patient tower addition, positioning UTMB to meet rising healthcare demand in north Galveston County.

Houston Methodist-Clear Lake opened its new 10,000-square foot emergency care center in League City in May 2023.

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Kelsey Seybold constructed a single-story, 15,000-square-foot clinic in 2023 with lab and imaging services such as x-rays and ultrasounds for up to seven providers. The facility provides comprehensive primary care, including Family Medicine, Pediatrics, and Internal Medicine with plans to add OB/GYN, Dermatology, and other specialties. The health care provider also has interest in opening a two-story, 33,000-square-foot clinic on the west side of League City in the future.

Houston Spaceport and the Space Economy

League City enjoys close proximity to the NASA Johnson Space Center, Houston Spaceport, and Texas A&M University (TAMU) Space Institute. Twenty (20) percent of NASA's direct (civil service) and indirect (contract) employees live in League City, so when NASA and the Texas Space Economy grow, League City is directly and positively impacted.

The Houston Spaceport was licensed by the Federal Aviation Administration in 2015 and offers 592 acres for aerospace development. The City of Houston invested \$24 million for Phase #1 of the Houston Spaceport for roads and utilities, which attracted more than 350,000 square feet and \$200 million in commercial, aerospace development and created 1,800 new jobs. Tenants at the Houston Spaceport currently include the San Jacinto College EDGE Center for high-tech aerospace career training, Axiom Aerospace, Intuitive Machines, Collins Aerospace, and Venus Aerospace. The City of Houston is now planning for Phase #2, which will cost about \$80 million and provide the infrastructure necessary to offer an additional 300 acres for private, commercial, aerospace development. Furthermore, the Houston Airport System is developing an Aerospace Institute at the Houston Spaceport where colleges and universities, like San Jacinto College, University of Houston-Clear Lake, Rice University, Texas A&M University, and Texas Southern University, can collaborate. The vision of the Aerospace Institute is to provide training programs for the aerospace industry workforce that will focus on research, recruitment, workforce, and professional development in support of the aerospace industry.

In 2023, the Texas Legislature approved House Bill 3447 to establish both the Texas Space Commission (TSC) and the Texas Aerospace Research and Space Economy Consortium (TARSEC). The TSC strengthens Texas' proven leadership in civil, commercial, and military aerospace activity by promoting innovation in the fields of space exploration and commercial aerospace opportunities, including the integration of space, aeronautics, and aviation industries into the Texas economy. TARSEC identifies research opportunities for entities within Texas to strengthen the state's proven leadership in civil, commercial, and military aerospace activities, enhance its position in aeronautics research and development, astronautics, space commercialization, and space flight infrastructure, and enhance the integration of the space, aeronautics, astronautics, and aviation industries into Texas' economy.

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In 2023, the state legislature also gave the TSC \$200 million to construct the TAMU Space Institute next to NASA's Johnson Space Center and \$150 million in grant funding to award to businesses, nonprofits, and governmental entities - including institutions of higher education - involved in space exploration, research or the aeronautics industry. The TAMU Space Institute will be a premier research and training center for future space exploration, focusing on lunar and Martian missions, developing new technologies like rovers and spacesuits, and training a skilled workforce, all while positioning Texas as a leader in the new space economy by collaborating with NASA and industry partners. Additionally, it serves as a proving ground for deep space missions with large-scale lunar and Martian terrain simulators and research labs, aiming for innovation, discovery, and workforce development. On November 15, 2024, the TAMU Space Institute celebrated its groundbreaking! The institute includes labs, shops, classrooms, meeting rooms, control rooms, dedicated spaces for astro material curation and sample research, and two large extraterrestrial testbeds – one emulating the surface of Mars and the second emulating the surface of the moon. The TAMU Space Institute will identify opportunities to work with local high schools and community colleges to promote science, technology, engineering, and mathematics education to build a pipeline of talent. TAMU is already well-versed in aerospace with four astronauts on faculty plus scientists and engineers who've participated in the NASA rover missions to Mars. The students, faculty, and researchers at the university are currently working on nearly 300 space-related projects across TAMU's 12 colleges and schools.

Since 2023, when the Texas Legislature gave \$150 million in grant funding to the Texas Space Commission (TSC) to invest in emerging technology, research & development, workforce training, materials curation, and infrastructure, the TSC has currently awarded more than \$135 million to 23 recipients. In 2025, the state legislature gave the TSC an additional \$300 million in grant funding to distribute for the same uses. League City directly and indirectly benefits from the state's funding of the space economy through appropriations made to the TSC and TARSEC.

Starting in 2023, the City of League City annually hosts a national space conference and symposium referred to as ASCENDxTexas, for which ASCEND is an acronym that stands for **Accelerating Space Commerce, Exploration, and New Discovery**. Each year over 300 space representatives from NASA, plus representatives of companies and countries from around the USA and the world, convene at the South Shore Harbour Resort and Conference Center in League City to share and discuss new developments leading to the commercialization of lower earth orbit, space travel, and space exploration. Hosting this conference each year provides League City with an opportunity to validate our identity in the state, national, and international space economy and underscore why League City is the community of choice for 20% of the NASA Johnson Space Center's employees.

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Ellington Airport and Hobby Airport

The Ellington and Hobby Airports are essential drivers for the Greater Houston Regional Economy. Even though each airport is 20-25 minutes outside League City, the City of League City benefits when these airports are successful, and capital investments are made to ensure their future success. Texas Southern University (TSU) started construction in October 2024 on a flight academy at Ellington Airport. The two-acre site will feature a 24,000-square foot aircraft hangar, 11,000-square foot aircraft apron, 4,200-square foot office, training and classroom space, and an aviation fuel tank. TSU is the only university in the state that offers a four-year aviation degree. In July 2023, the university's aviation program was professionally accredited by the American Accreditation Board International, which is one of the highest levels of recognition for an in-house aviation, professional pilot program. According to the Bureau of Labor Statistics, the median annual wage for airline pilots, copilots and flight engineers was \$211,790 in May 2022. Although construction of the flight academy is not expected to be completed until October 2025, 156 students enrolled in the program in the fall 2023 semester.

Hobby Airport's \$470 million expansion of their West Concourse began in 2024. This project will improve the baggage system to meet the current and future needs of commercial traffic at Hobby and provide more space for retail, restaurants, and public art. Project completion is estimated for the summer of 2027. For the second year in a row, Hobby Airport has been rated a five-star airport by Skytrax. It is one of 18 five-star airports worldwide, and it's the only five-star airport in North America.

Higher Education and Workforce Development

The City is engaged in partnerships with the Bay Area Houston Economic Partnership, League City Regional Chamber of Commerce, University of Houston-Clear Lake, Texas A&M University at Galveston, College of the Mainland, San Jacinto College, Alvin College, plus the Clear Creek, Dickinson, and Santa Fe Independent School Districts. Both main campuses of the University of Houston and Texas A&M University are nationally recognized as Tier 1 Research Universities.

The University of Houston – Clear Lake now offers a Master of Science in Nursing Education and Leadership, plus a Bachelor of Science in Aerospace Engineering and a degree or concentration in Commercial Aerospace Enterprises!

San Jacinto College (SJC) added two bachelor's degrees to its curriculum in 2024: a Bachelor of Applied Science in Early Childhood Education, which has earned accreditation from the National Association for the Education of Young Children, and a Bachelor of Applied Technology in Cybersecurity, which has earned accreditation from the Southern Association of Colleges and Schools Commission on Colleges. These new degrees were developed in response to the statewide teacher shortage and the increasing growth of professional cybersecurity opportunities.

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Other new courses at San Jacinto College also include autonomous vehicles (certificate), engineering technology (Associate of Applied Science degree), heavy diesel equipment/crane technician (certificate and A.A.S. degree), medical laboratory assistance (certificate), and plumbing technology (certificate). SJC was also awarded the Silver 2024 Veteran Excellence Recognition Award by the Texas Veterans Commission due to its efforts to provide accessible education opportunities for student veterans as well as the children of veterans. SJC continues to address workforce needs in the community with programs like their new partnership with Solugen, an industrial biomanufacturer, in which a cohort of students takes a week-long course on “Foundations of Biotechnology” to encourage more students to pursue the career. In 2023, the Aspen Institute recognized San Jacinto College, an honor that follows the College’s recognition as an Aspen Prize Finalist with Distinction in 2021.

College of the Mainland (COM) and the University of Houston are collaborating to support students transferring from community colleges to pursue a four-year degree. The UH Next pilot program will launch in this spring (2026) in UH’s College of Liberal Arts and Sciences and serve as a model for future expansion into more colleges at UH. Through a Memorandum of Understanding, students will be able to take advantage of a streamlined transfer process after completing their associate degree at COM. COM also announced plans to add a second four-year degree – a Bachelor of Applied Science degree in Operations Management – which will equip students with the high demand skills to manage and optimize business processes, supply chains and production systems. In the three-county areas of Brazoria, Galveston and Harris Counties, research shows there are about 4,500 openings anticipated through 2034. Median hourly rates range from about \$46 to \$60 for general and operation managers, industrial production managers, and construction managers according to the Gulf Coast Workforce Board.

COM also broke ground in November 2024 on two buildings from its May 2023 \$250 million bond package that was approved by voters. This bond package will complete COM’s 10-year plan and construct a new 134,000-square foot library and classroom building, a new 50,000-square foot public services center, a new 20,000-square foot corporate and continuing education center, and a new 50,000-square foot, 3-story classroom building. COM launched two new programs in Fall 2024: Culinary Arts, where students can earn a comprehensive Culinary Professional Cook Certificate and Associate of Applied Science, and an Associate Degree in Dental Hygiene. COM is designated as an Achieving the Dream Leader College, which is a national initiative to help more community college students, categorized as low-income students and students of color, succeed. Graduates with technical degrees earn the highest starting salaries of any new university or college graduate in Texas – \$73,509 – according to a study by a higher education research group called College Measures.

Alvin College recently received accreditation for two new degree programs that include applied science associate degrees in the following: (1) Marketing, Advertising and Sales, which prepares students for careers in public relations, e-commerce, digital advertising and sales, and (2) Integrated Technology, which prepares students for careers in the information technology field with a focus on IT infrastructure, network administration, software development, data security and programming.

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The League City Regional Chamber of Commerce recently started a Community and Commerce Workforce Initiative to establish a Chamber-led workforce hub that connects education, training, and small businesses through early exposure, paid work-based learning, and clear pathways to employment.

K-12 Education

The City cultivates an integral partnership with nationally regarded Clear Creek ISD (CCISD), which Niche.com recognized in 2025 as the 5th Best School District in the Houston Area and 29th Best School District in Texas. Five of CCISD's six high schools received an A accountability rating in 2025, while the sixth high school came within one point of the threshold required for an A-rating. In 2024, the National Merit Scholarship Corporation announced 16 Semifinalists from CCISD in its annual National Merit Scholarship Program. In 2021, www.character.org noted that two Clear Creek ISD high schools were among fewer than 200 high schools across the United States to receive recognition for their character development programs. CCISD also earned a top spot in Forbes' 2022 list of America's Best Employers By State, when it was ranked #21 out of 101 total companies and organizations in Texas!

Dickinson ISD (DISD) is recognized by Niche.com as the 66th Most Diverse District in Texas in 2025, and it is among the fastest growing school districts in the Houston area. Its single high school scored within one point of receiving an A-rating in 2025, while 10 of its 13 junior high school and elementary schools received either an A or B rating from the Texas Education Agency in 2025. Santa Fe ISD is a steadily growing, 5-A school district with a tremendous opportunity for new growth on the City's southwest side.

Tourism

Unique amenities that draw tourists to the community include the City's historic downtown, Butler Oaks, Clear Creek, Clear Lake, Pinnacle Park (including Cabela's/Bass Pro), Chester L. Davis Sportsplex, One Room School House, League Park, Heritage Park, Hometown Heroes Park, The Ballpark at League City, and a variety of local and national retail and dining opportunities. Proximity to both Clear Creek and Clear Lake, which is home to the third-largest concentration of privately-owned pleasure boats in the United States, provides the City's residents and visitors with the longest continuous waterfront of any mainland community in Galveston County. Establishment of the League City Convention and Visitors Bureau and approval of a contract with the Bay Area Houston Convention and Visitors Bureau attracts more tourists and events to the City. League City's first visitor center opened in late 2023 in the historical 1890s Galveston, Houston, and Henderson Railroad building, and the Soulfreak Railroad Café is the visitor center's main tenant.

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As a result of the 2017 Texas Legislative Session, the City is eligible to commit up to 10 years of the state's portion of sales tax revenue (6.25%) and hotel occupancy tax revenue (6%) to develop one or more convention centers and hotel projects. The City has been in discussions with several private developers to develop new amenities in support of conventions, tourism, live entertainment, retail development, sports events, and public spaces. In August 2019, the City Council approved two development agreements for projects to potentially benefit from this state legislation. Since 2023, the City has been in discussions with various private development companies to explore opportunities to develop a large, integrated, mixed use development that includes a convention center, at least one hotel, family-oriented entertainment, restaurants, retail, office and public space. In 2024, the City's contractor completed a variety of pre-development services, including a market, economic, and financial feasibility study.

Recent Development

In 2025, the City issued permits for the construction of 704 new homes, welcomed 70 new businesses to the community, received over \$78 million in new commercial investment, and collected an average of 2.95% more in Sales Tax Revenue as compared to 2024.

In 2025, the City was named the #8 Best Place to Live in Texas for the second year in a row by Consumer Affairs and the #6 Best Place to Live in the U.S. by U.S. News. Furthermore, every other year the City engages the ETC Institute to conduct a bi-annual survey of League City's citizens regarding League City's public services. In 2025, and in comparison with League City's peer communities in Texas and across the USA, we ranked higher in 55 of 56 categories. In 95% of these categories, League City is ranked more highly by significant amounts/percentages. Also, since our last City survey in 2023, the City was ranked more highly in 68 (i.e. 70%) of our own (i.e. just comparing us to ourselves) 97 categories.

In 2024, the City was named the #8 Best Place to Live in Texas by Consumer Affairs, the #4 Safest and Most Affordable US City to Live In by GOBankingRates and was recognized by the ETC Institute as being in the Top 10% Overall & Amongst All Large Cities in the USA. In 2023, the City was ranked as the #1 Most Affordable Housing Market in the Houston Region by the Metro Affordability Report and the 10th Safety City in America by HomeSnacks. In 2022, the City was recognized by the ETC Institute as being in the Top 10% Overall & Amongst All Large Cities in the U.S.A. and by HomeSnacks as the 10th Richest City in the USA. In 2020-2021, the City was recognized by AdvisorSmith as the 4th Safest City in Texas, Safewise as the 43rd Safest City in America to Raise a Child, SmartAsset as the 16th Most Livable Mid-Sized Cities in America, and ConsumerAffairs as the 15th fastest-growing city in the U.S. by percentage of population growth.

In 2022, Amazon constructed a \$30 million, 180,000-square foot delivery station, which is expected to be activated as a full-service warehouse and delivery hub by the end of the Summer in 2026.

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Highbridge at Egret Bay is a four-story, \$58 million, Class A, 254-unit multi-family complex that opened in March 2022. The complex was constructed in a “garage-wrap style”, in which the apartments wrap around and hide a central parking garage. The complex offers community amenities such as a pool, putting green, two-story fitness center, game room, business center, running/walking track, package lockers, and units are renting for \$1.85 - \$1.90 per square foot.

Grand Living at Tuscan Lakes, which opened in December 2023, is a \$35 million project with a four-story, 211,000-square-foot building and more than 180 units for senior citizens along with several amenities, including a library, theater, fitness center, spa, chapel, outdoor spaces, and more.

The Aura at Beacon Island is a \$30 million project that was completed in July 2023 with 69 patio homes, 95 townhomes, 250-350 garden style apartments, 4.5 acres of parks, and 12,100 feet of trails.

Pinnacle Park is a 100-acre mixed-use development that is anchored by Bass Pro Shops (formerly Cabela’s) and hosts retailers such as Red Wing Shoes, Nothing Bundt Cakes, Fuji Ramen & Bar, Salata, Kabuki Japanese Grill & Sushi Bar, Black Bear Diner, Toasted Yolk, and Tracker Boats. In Pinnacle Park, a new five-story, 112-room Marriott Fairfield Inn & Suites Hotel opened in 2020 during the COVID-19 Pandemic, and the Domain at Ballpark was approved to begin construction in 2025.

New retail and restaurant businesses that recently opened in the City include Clear Falls Animal Hospital, Legends Billiards, Barcenas Mexican Grill, The Vibe Craft Cocktails, AMOCO Credit Union, Delta Chiropractic and Wellness, Rotolo’s Craft & Crust, Sonorous 5D, Jetset Modern Pilates, Society Salon, Adriatic Café, J5 Athletics, Manna Asian Grocery, Wight Diamonds, Aokicho, Pear + Pei, Ohana Ice Cream Shop and Snacks, Bojangles, and Pawtopia. New businesses that are planning to open soon include Tim Horton’s, Einstein Bros. Bagels, Magnolia Living, Chipotle, Hawaiian Bros, Andy’s Frozen Custard, Ivy Kids, Salon Naturale, Shops at Tuscan Lakes, The League, and Home2Suites. and others.

New Initiatives to Support Robust Economic Growth

League City has demonstrated foresight in prioritizing economic resilience, with City leadership recognizing the need to shift from a tax base, which is largely residential, to one which is more commercially-based. With sixty percent of League City’s land already developed, expanding the commercial tax base is critical to building and maintaining the community’s economic resilience and sustaining its exceptional quality of life.

The City hosted a Volunteer Team of Economic Development Professionals in 2020 from the International Economic Development Council (IEDC), to provide us with professional insights regarding strategic ways to strengthen the City’s economic base and enhance its economic resilience to withstand future natural disasters

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and economic downturns. Findings and conclusions from the IEDC Volunteer Team’s observations were used to update and revise the City’s Economic Development Strategic Plan in 2025.

Starting early in 2025, League City’s Economic Development Department has been working to significantly revise and update League City’s Economic Development Strategic Plan (Plan), which establishes League City’s five-year roadmap for sustainable economic growth, balanced taxation, and community prosperity. In formulating the Plan, League City’s Economic Development Department utilized two complementary surveys, six professional focus groups, and community-based strategic planning methods to listen to our citizens and stakeholders and incorporate their feedback into the Plan. Economic Development Staff also conducted and included a realistic appraisal of the community’s available resources, constraints, and opportunities, and included it in the Plan.

The Plan, which is scheduled for approval this spring, outlines four Strategic Directives which are linked respectively to Key Initiatives, Critical Outcomes, and Performance Metrics. The Strategic Directives represent high-level priorities that emerged from hundreds of interactions and conversations with citizens, policy makers, City Staff, and stakeholder groups over several months preceding the composition of the Plan.

In order to measure and evaluate implementation of the Plan and its intended impact on our community’s economic well-being, the Economic Development Department will track Plan implementation and annually measure and publicly report League City’s performance relative to five “benchmark” communities. Following five years of implementation, the Economic Development Department will evaluate progress made during that period and formulate a revised Plan for the subsequent five-year timeframe.

On May 27, 2025, the City Council of League City approved the Westside Master Plan, which is the City’s way of preparing for the influx of development along the future Grand Parkway. This Plan, developed through collaboration among city staff, engineers, developers, planners, property owners, and consultants, ensures that infrastructure, land use, and environmental systems work in tandem to support sustainable growth. Key goals include integrating residential, commercial, and mixed-use areas to diversity revenue streams and creating open spaces that double as recreational and commercial attractions. The Westside Master Plan also introduced a Future Land Use Plan for the West side, which identifies the type of use that would be ideal for each parcel of land on the West side of League City.

In July 2024, the City Council approved League City’s new Development Services Strategic Plan. At the beginning of the year, citizens, contractors, tradespeople, builders, developers, engineers, commercial and residential real estate professionals, and other stakeholders accepted an invitation to participate in the City’s first customer-based strategic planning initiative. The Plan contains strategic directives and initiatives that represents the city’s efforts to improve the development process and to elevate the quality of life of our citizens. As a result of the plan, five strategic directives were identified: (1) the need to create and support a stronger Culture of Caring, (2)

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the need for enhanced Communication and Inclusion, (3) the ongoing opportunity to continually scrutinize, streamline, and improve our Processes, Policies, and Practices, (4) the need to Empower City Employees to Excellence, and (5) the need to communicate our enthusiasm to Encourage Investment, Growth, and Development. Strategic Initiatives and Expected Outcomes were subsequently developed to address each Strategic Directive. As a result of this initiative, developers and stakeholders have expressed a greater sense of satisfaction with our Development Services Department's quality of services.

In general, the City Council annually adopts new ordinances to enhance the quality of development and the quality of life in the City. More specifically, the City Council adopted new ordinances in the last several years to provide city staff with increased authority to manage specific uses in the City, allow live entertainment with a restaurant in a Commercial Mixed-Use project, restrict the development of multi-family projects to only "wrap-around", as opposed to "garden style", products, and require the establishment of homeowner and business owner associations that will enforce enhanced design standards and manage common areas. These new measures are intended to attract quality development to the remaining tracts of land in the City that will result in a more robust tax base and financially sustain the community's superior quality of life in perpetuity.

The City is focused on attracting top-tier national and international employers to occupy undeveloped, commercial-zoned portions of the City. Over 1 million highly educated professionals in the following, targeted industry sectors reside with a 45-minute drivetime of the City: Aerospace, Medical/Life Sciences, Energy/Petrochemical, Professional Services, and Global Logistics.

In order to promote opportunities for economic development in League City, Texas and attract fast-growing, high technology companies from our targeted industries to our community, the City of League City partners and collaborates with a range of partners:

- Bay Area Houston Convention and Visitors Bureau
- Bay Area Houston Economic Partnership
- Galveston County Economic Development
- Galveston County Small Business Development Center
- Galveston Economic Development Partnership
- Governor's Office of Economic Development & Tourism
- Greater Houston Partnership
- Houston Regional Economic Development Alliance
- International Economic Development Council
- League City Regional Chamber of Commerce
- League City Convention and Visitors Bureau
- Team Texas

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- Texas Downtown Association
- Texas Economic Development Corporation

Long Term Financial Planning

The City of League City's most recent Long Range Financial Forecast (LRFF) for FY2026-2030 was presented to Council in June 2025. The LRFF included revenue and expenditure projections for the City's three major funds, the General, Utility, and Debt Service Funds. Leading economic indicators such as total City water customers, new home construction, and value of new construction, provide the means to explain past revenue performance and help in projecting future revenues.

The LRFF included debt capacity models for tax-supported and revenue-supported debt, indicating the City's capacity to issue new debt over the next several years for needed improvements. The results of this capacity modeling provided the basis for the Capital Improvement Plan (CIP) for FY2026-2030 released in July 2025. The CIP includes priority projects that support the City's goals as identified in the Strategic Plan including those approved in the May 2019 GO Bond election.

The City's FY2026 Budget was developed and built upon the Strategic Action Plan. The final adopted budget included a property tax rate of \$0.36355 per \$100 of taxable value, with \$0.30355 for maintenance and operations and \$0.06 for interest and sinking fund. This is a \$0.00545 reduction from the FY2025 tax rate.

The City took over operations of The Ballpark at League City, formerly known as Big League Dreams, in February 2024. City staff worked diligently to get the facility in excellent condition and, in doing so, expanded the versatility of the venue beyond just sporting events. The 35-acre facility is fast becoming a premier athletic and event venue in League City. The Ballpark added three outdoor soccer fields with LED lighting to expand soccer programming and renovated the indoor pavilion for use as an indoor soccer field and multipurpose event venue. The Ballpark established a partnership with Youth Scoreboards for the installation of six new scoreboards and obtained sponsorships with CertaPro Painters and South Shore Harbour Resort. The Ballpark at League City hosted the Texas Youth Baseball World Series event in 2025 and will host it again in 2026.

During FY2025, monthly revenue and budget reports for the major funds were reviewed by the City Manager. Quarterly reports were presented to the Mayor and City Council that included year-to-date and projected year-end results for revenue, expenditures, performance, and the status of capital projects included in the FY2025 Capital Budget. The monitoring reports will continue in FY2026.

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Financial Management Policies

As a part of the annual budget process, the City adopts Financial Management Policy Statements which establish a framework for fiscal decision making and that ensure that financial resources are available to meet the present and future needs of its citizens.

The Financial Management Policy requires that the City maintain reserve balances at 110 days working capital in the General Fund (90 days in the Utility Fund) to protect the City's credit worthiness, as well as its financial position in the event of a disaster. As of September 30, 2025, the General and Utility Funds exceeded these goals. Additionally, the Utility Fund maintained net assets sufficient to meet bond covenant requirements for debt coverage, working capital as previously described and excess reserves sufficient to provide funds for future capital projects.

City leadership expects to maintain this program of continuous improvement, combining responsive management, planning and goal setting that is appropriate for the City's size and growth rate. The values adopted by the Mayor and City Council will guide these efforts and provide a focus in keeping with the hopes and desires of the City's citizens.

Major Initiatives for the Year

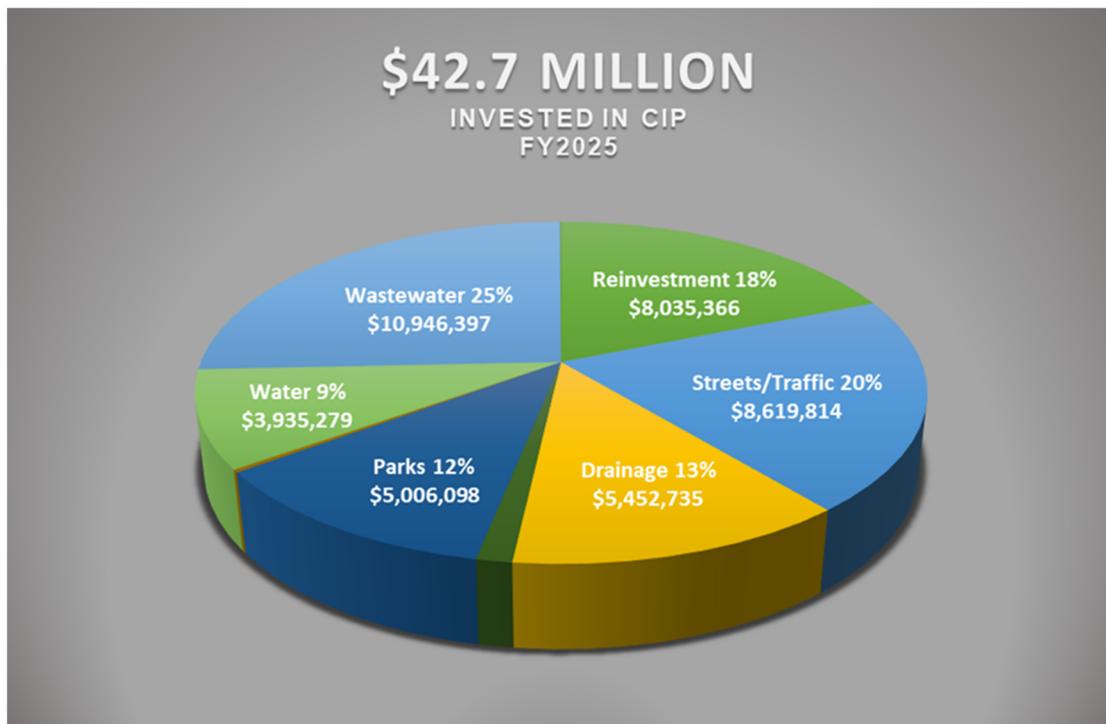
In FY2025, \$42.7 million was invested in drainage, roadway, facility, park, water and sewer improvement projects. The amount invested in fiscal year 2025 is from utility relocation and land acquisition for North Landing Extension, South Highway 3 and FM 518 intersection improvements, construction of the East Main 24-inch force main replacement, construction of Phase 2 of Butler Turner, and the expansion of the Southwest Water Reclamation Facility (SWWRF). Total investment of these five projects in fiscal year 2025 was \$13.6 million: 31% of the year's total investment.

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Annual Overview:

- Invested \$42.7 million in capital improvements projects—including traffic, drainage, facilities, parks, water, and wastewater.
- Reinvested \$8.04 million in asphalt, concrete panel repairs, street rehab, and TxDOT medians.
- Completed over \$5.4 million in drainage related improvements—many involving the expansion or creation of detention ponds—in various neighborhoods across the city including Bay Ridge, Oaks of Clear Creek, and The Meadows.
- Invested \$8.6 million in design, land acquisition, and utility relocation on various street projects, including North Landing Extension, which is part of the 2019 General Obligation Bond Proposition B (Streets).
- \$3.9 million invested in our water systems as upgrades and replacements of our current waterlines.
- 24% of the \$10.95 million invested in wastewater is for the expansion of the SWWRF to bid in FY2026.

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Reinvestment Program

Continued cash funding for the annual Reinvestment Program, used to update and improve aging assets, was programmed in FY2025. The cash transfer amount in fiscal year 2025 was \$5 million to fund projects such as annual asphalt street rehab package 7, sidewalk replacements, concrete panel repair, and facilities reinvestment.

The City's ongoing Asphalt & Concrete Reinvestment Program has progressed well since its' initial implementation. Initially, projects were easily identified and prioritized based on worst condition and available funding. Beginning in 2022 projects will be evaluated and prioritized based on the 2021 Pavement Management Programs pavement condition index to address the roadways most in need of repair.

Historically, the annual asphalt overlay project is comprised of; (1) construction of a package designed the prior year, and (2) the design of a new package allowing seamless transition from design to construction year to year. Due to the substantial cost of full depth repair, design going forward will be every other year to allow for more reinvestment dollars to be allocated towards construction, keeping the volume of work in alignment with available construction dollars allotted to the program annually.

Construction of Package 7 (N. Illinois, Lakeside Drive, Valmar Block, Bluebonnet Street, Oak Road, Mockingbird Lane, and part of West Drive in the base bid.) was completed in FY2025 with a total investment of \$1.87 million. The design of Package 8 is currently underway and anticipated to be awarded Spring 2026.

In fiscal year 2024 the City received funding from the Community Development Block Grant (CDBG Grant) to fill in incomplete sections of sidewalks along Main Street including the northside of FM518 from IH-45 to FM270, completing a safe route for pedestrians. Phase 1 of this project was completed in August of 2024 and construction of the second phase completed May 2025. CDBG grant funding is also being used to reconstruct Clear Creek Avenue, with design underway and construction anticipated in FY2026.

Street Production Numbers for 2025:

- 2,916 linear feet of street panel replacements installed (.67 lane miles)
- 2.5 lane miles of asphalt streets were repaved
- 3,072 linear feet of curbs replaced
- 29,267 linear feet of sidewalks repaired or replaced

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Transportation, Traffic and Drainage Improvements

Transportation and traffic improvements continue to be a priority in the City. The City participated in a joint project with TxDOT to provide landscape improvements along major TxDOT corridors within League City. The City is responsible for the cost of design, irrigation, and signage. The first phase of the project was bid by TxDOT with improvements on FM518, FM2094, FM96, and a section of FM646. Phase two, which consists of improvements to the IH-45 corridor and detention, was bid by TxDOT with a cost estimate of \$2.9 million. TxDOT's construction improvement benefit, valued at \$5.15 million for both phases, were completed in FY2025.

After the completion of the roundabout north to League City Parkway, a separate project was introduced in the CIP to widen and improve the remainder of Turner (west of the roundabout) and the remainder of Butler (south of the roundabout). Construction began Spring of 2025 and is anticipated to be completed Spring FY2026. The current estimated cost for this project is \$7.3 million.

The Extension of Hobbs Road to FM517 is approximately 2,100 feet and will realign Cemetery Road with Hobbs Road and fall within League City's jurisdiction. The existing span-wire signal will be modified to a 4-way intersection, but the ultimate mast-arm signal will be installed at a later date as part of the TxDOT's FM517 widening project. Though the design of Hobbs Road will include all 4 lanes, the City may only construct the 2-southbound lanes (western portion) at this time and leave the remaining 2-northbound lanes (eastern portion) to be constructed at a later date. However, the intersection improvements at FM517 will include all the 4 lanes and a left-turn lane. The final roadway design of the 2-northbound lanes (eastern portion) from Ervin Street south will allow for future extension of the roadway without having to close the intersection once the extension of the northbound lanes are in use. Galveston County contributed \$2 million towards the Extension of Hobbs Road that has a current cost estimate of \$7.1 million for the first two lanes, slated to bid late FY2026.

The final design of a 1.7 mile four-lane divided Suburban Boulevard extension of Landing Boulevard is complete. Extending Landing Boulevard over Clear Creek and connecting into IH-45 at the NASA 1 interchange provides much needed relief to the congested area along FM518 just west of IH-45. Land acquisition and utility relocation are currently underway with construction anticipated in 2029, contingent on TxDOT's bidding schedule and funding.

Other traffic improvements programmed include rebuilding signals, completing Walker Street Corridor Upgrades, and constructing League City Parkway and Walker Street Intersection Improvements, SH3 and SH96 Intersection Improvements, League City Parkway Right Turn Lane – Calder to Butler, along with SH3 and FM518 Intersection Improvements. The City continues to fund the Advanced Transportation Management System (ATMS) software, which provides control and monitored integration of all signals within the City along with two programs, the Transportation CIP Scheduling Program to help prioritize transportation projects from the adopted Master

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Mobility Plan, and the Transportation Corridor Analysis & Evaluation Program to help evaluate current and long-term corridor travel demands.

In August 2017, several neighborhoods experienced flooding as a result of Hurricane Harvey. Drainage studies in these areas have been completed offering solutions to mitigate flooding of these neighborhoods. Projects identified are included in the May 2019 GO Bond Election: Bay Ridge/Gum Bayou, Bay Colony/Magnolia Bayou/Borden Gully, Oaks of Clear Creek/Bensons Bayou/Interurban Ditch, The Meadows, The Landing, and neighborhoods near Cedar Gully & Magnolia Creek such as Rustic Oaks & Villages of Oak Creek Colony. The recommendations were presented to residents and Council in late 2018. In addition, the City reviewed the drainage standards for new development and Council passed recommendations to minimize flooding in new developments moving forward. The City continues to work with regional partners to look at Clear Creek and Dickinson Bayou and develop mitigation projects to benefit neighborhoods near those waterways. Moving forward, a funding strategy will need to be developed to pay for the identified improvements.

In May 2019, League City voters approved \$145 million of general obligation bonds designated for 31 capital improvement projects across the City.

Proposition A consists of twenty-one flood protection and drainage improvement projects and their related sub-projects: totaling 28 individual projects as of fiscal year 2025. As of January 2026, 13 projects have been completed which include, Bay Colony Area Detention Modification Project, Bay Ridge Flood Reduction, Phase 1 (Levee), Bay Ridge Flood Reduction, Phase 2 (Pump Station & Detention Pond), Bay Ridge Flood Reduction, Phase 3 (Overflow swales), Phase 1 Deer Ridge Buy-out and Overland Flow Improvement, Phase 2 South Detention Pond & Bradshaw Ditch, City-wide 2D Model of Drainage Systems & Flood Early Warning System which make up the Comprehensive Drainage Plan & Early Warning System project, Dove Meadows & Borden's Gully Detention Pond, Oaks of CC Drainage Improvements, Phase 2, Deer Ridge Dr Buy-out & Overland Flow Improvements, and The Meadows Subdivision Drainage Improvement, phases 1 & 2.

At the end of FY2025, FM518 & Wesley Drive Drainage Improvements, is scheduled for bid October of FY2026, 7 projects are in design, 5 projects have been formally omitted from the bond program due to lack of neighborhood consensus or overall benefit, and 1 is on-hold as staff works through neighborhood input. Trailer Mounted Generators & By-Pass Pumping Units is equipment programmed for purchase in FY2028.

Proposition B consists of 10 street, roadway, and mobility improvement projects and their related sub-projects: totaling 20 individual projects as of fiscal year 2025. Calder Road South Reconstruction, League City Parkway Lane Improvements at Hobbs Road, Grissom Road Reconstruction, 6 projects under Matching Funds for Partnerships, and 4 projects under Traffic Signals on League City Parkway are complete.

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Both Walker Street Extension and Winfield Road – New I-45 Frontage Road to Hobbs Road were removed from the League City 2019 GO Bond Program by formal Council action. As of January 2026, of the remaining projects, 2 are in design, 1 project is currently under construction, and League City’s Grand Parkway contribution is programmed for FY2027 if needed.

Water and Wastewater System

The City continues to focus on improving the distribution and renewal of the existing water system and to address obtaining new supply and its distribution. The water and wastewater master plans were updated in 2024.

The City is partnering with Gulf Coast Water Authority (GCWA) and the City of Houston to replace the 42-inch waterline along SH3 and size it to provide additional water capacity. This line is the City’s main “point of take” of water from the Southeast Water Purification Plant (SEWPP). The remaining project balance due over the next two years is \$31.3 million. The total project cost as of January 2025 is \$103.93 million.

Design of the Southwest Water Reclamation Facility (SWWRF) from 4.0 to 6.0 million gallons per day (MGD) was awarded in August of 2023 to a Construction at Risk Manager (CMAR), for \$6.1 million. This project includes the construction of an additional 2.0 MGD of wastewater treatment capacity at the SWWRF identified in the 2018 Wastewater Master Plan. The project will mirror the process of the existing SWWRF and include an additional aeration basin, blower, wet well expansion, secondary clarifier, UV channel, tertiary disk filter, digester, dewatering unit, peripheral electrical, instrumentation, pumps, odor control, and SCADA upgrades. Construction and construction design phases are anticipated to take 36 months from the time construction is awarded and is currently budgeted at \$93.8 million and slated to bid in 2026.

Water and Wastewater projects completed in 2025 include: Waterline replacements at Pecan Forest, Highland Terrace, Clear Creek Heights Subdivision, Boden Street, and Bern, Jarbo Bayou Force Main Replacement, Smith Lane and Butler Road Lift Station Odor Control, and East Main 24” Force Main Replacement.

Other City Facilities

Construction of the Claremont Connector Trail Bridge was complete Summer of 2025. The constructed bridge connects the Claremont Connector Trail to Gilmore Elementary School as a direct route to the school facility, positively impacting residents of the Villages of Oak Creek, Claremont, and the Landing.

The Hometown Heroes Park pool has not had any major maintenance since the opening of the facility in 2012. In 2025, the 400,000-gallon municipal pool was re-plastered, several sections of the concrete deck surrounding the pool were replaced, the entire deck was recoated, and the splash pad features were refinished. The pool was

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completed and reopened in time for Memorial Day weekend. Funding for this Capital Improvement Project was provided by the 4B Corporation.

Pat Hallisey Park, utilizing 4B dollars as its source of funding, is anticipated to begin construction in 2026. In April of 2025, The League City Council approved the creation of a memorial, acknowledging the significant effect the unsolved crimes have had on the community. The memorial will be appropriately located inside Pat Hallisey Park.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of League City, Texas for its Comprehensive Financial Annual Report for the fiscal year ended September 30, 2024. This is the 47th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Financial Annual Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Financial Annual Report continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the Comprehensive Financial Annual Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. We would like to express our appreciation for their efforts. We also appreciate the support of the City Manager, administrative staff, and all departments who contributed to this effort. In addition, we thank the Mayor and members of the City Council for their interest and support in the financial operations of the City of League City, Texas.

Respectfully submitted,



Kimberly E. Corell
Director of Finance



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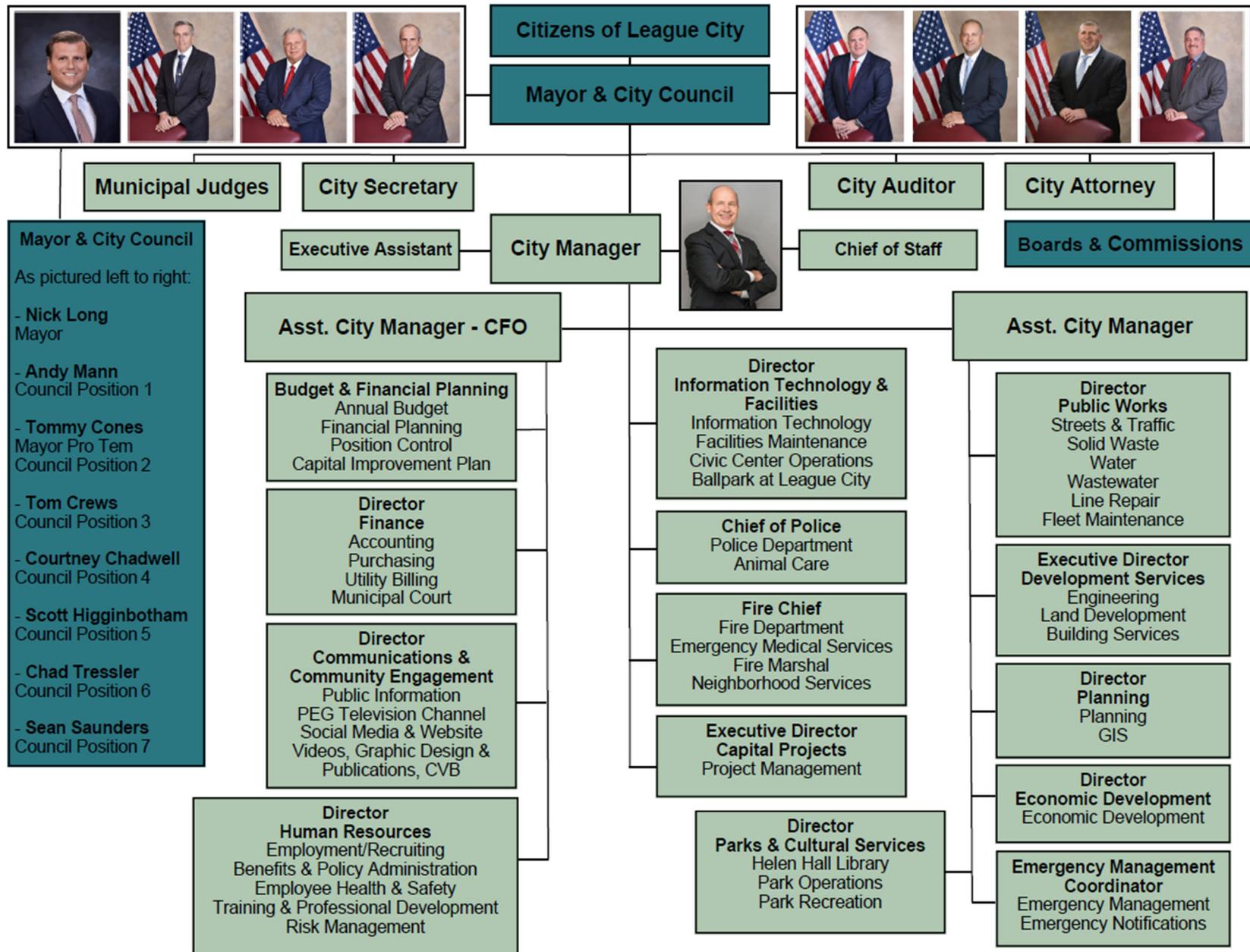
**City of League City
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO



City of League City, Texas
 List of Elected and Appointed Officials
 September 30, 2025

<u>Elected Officials</u>	<u>Position</u>
Nick Long	Mayor
Sean Saunders	Mayor Pro Tem
Andy Mann	Council Member
Tommy Cones	Council Member
Tom Crews	Council Member
Courtney Chadwell	Council Member
Scott Higginbotham	Council Member
Chad Tressler	Council Member
<u>Appointed Officials</u>	<u>Position</u>
John Baumgartner	City Manager
Rick Davis	Assistant City Manager
Angie Steelman	Assistant City Manager/Chief Financial Officer
Michelle Villareal	City Attorney
Diana Stapp	City Secretary
Candace Brown	City Auditor
Kimberly Corell	Director of Finance
Chien Wei	Director of Parks and Cultural Services
James Brumm	Director of Human Resources and Civil Service
Ryan Smith	Executive Director of Information Technology, Facilities, and The Ballpark
Sarah Osborne	Director of Communications and Community Engagement
Christopher Sims	Executive Director of Development Services
Cliff Weitena	Chief of Police
Jeff Allen	Fire Chief
Kris Carpenter	Director of Planning
Jody Hooks	Director of Public Works
Scott Livingston	Director of Economic Development
Ron Bavarian	Executive Director of Capital Projects



Financial Section



Independent Auditor's Report

The Honorable Mayor
and Members of the City Council
City of League City, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of League City, Texas (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1.G. to the basic financial statements, during the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated in the government-wide and proprietary fund financial statements as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Honorable Mayor
and Members of the City Council
City of League City, Texas

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The Honorable Mayor
and Members of the City Council
City of League City, Texas

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the Introductory Section and Statistical Section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable Mayor
and Members of the City Council
City of League City, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

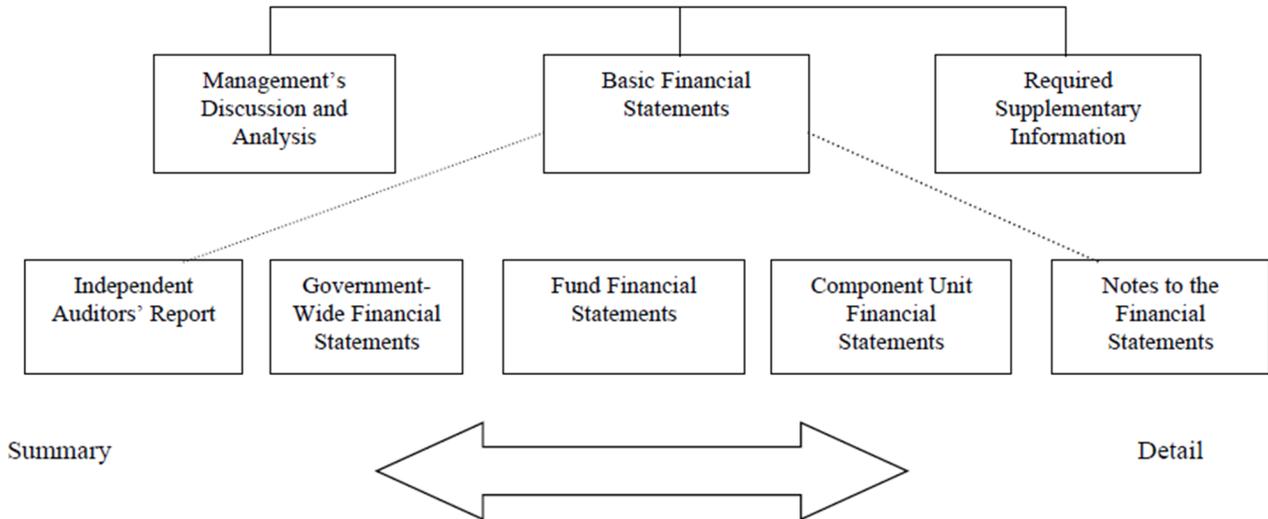
WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
March 16, 2026

Management's Discussion and Analysis (Unaudited)

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of League City, Texas (the "City") for the year ending September 30, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities and compares current year results with those of the prior year. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Components of the Financial Section



Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community services, and interest on long-term debt. The business-type activities of the City include water, wastewater and ballpark operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate entity (*4B Industrial Development Corporation*) for which the City is financially accountable. Financial information for this *discretely presented component unit* is reported separately from the financial information presented for the primary government itself.

The tax increment reinvestment zones and public improvement districts, although also legally separate, function for all practical purposes as departments of the City and, therefore, have been included as integral parts of the primary government.

The government-wide financial statements can be found after the MD&A.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 52 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds for reporting purposes. Data from the other 50 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements as noted in the table of contents.

Proprietary Funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for 1) its water and wastewater system and 2) the League City ballpark operations. The City also uses internal service funds to account for its motor pool services, employee benefit insurance, and capital replacement program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Wastewater Fund, which is considered to be a major fund and the League City Ballpark Fund, which is considered to be a nonmajor fund. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements as noted in the table of contents.

Notes to Financial Statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain *required supplementary information* (RSI). The RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits (OPEB) liability and related ratios for the Texas Municipal Retirement System (TMRS), schedule of contributions for TMRS, and schedule of changes in net OPEB liability and related ratios for the City's retiree medical program. RSI can be found after the basic financial statements.

The City adopts an annual appropriated budget for its general fund, debt service fund, and certain special revenue funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Government-wide Financial Analysis

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$970.5 million as of September 30, 2025, for the primary government.

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 178,705,754	\$ 178,466,357	\$ 58,595,710	\$ 59,625,260	\$ 237,301,464	\$ 238,091,617
Capital assets	600,810,686	542,612,337	491,119,603	475,195,158	1,091,930,289	1,017,807,495
Total assets	779,516,440	721,078,694	549,715,313	534,820,418	1,329,231,753	1,255,899,112
Deferred outflows	8,894,126	12,934,850	2,385,005	3,100,691	11,279,131	16,035,541
Total deferred outflows of resources	8,894,126	12,934,850	2,385,005	3,100,691	11,279,131	16,035,541
Long-term liabilities outstanding	171,881,354	186,505,580	163,266,348	176,353,100	335,147,702	362,858,680
Other liabilities	13,193,146	15,145,007	8,369,181	9,127,933	21,562,327	24,272,940
Total liabilities	185,074,500	201,650,587	171,635,529	185,481,033	356,710,029	387,131,620
Deferred inflows	9,160,104	8,652,852	4,162,465	3,420,987	13,322,569	12,073,839
Total deferred inflows of resources	9,160,104	8,652,852	4,162,465	3,420,987	13,322,569	12,073,839
Net position:						
Net investment in capital assets	488,368,169	423,802,325	349,326,132	322,412,844	837,694,301	746,215,169
Restricted	24,038,089	23,535,787	4,215,209	4,259,903	28,253,298	27,795,690
Unrestricted	81,769,704	76,371,993	22,760,983	22,346,342	104,530,687	98,718,335
Total net position	\$ 594,175,962	\$ 523,710,105	\$ 376,302,324	\$ 349,019,089	\$ 970,478,286	\$ 872,729,194

The largest portion of the City's net position, 86 percent, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, right-to-use assets, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

A portion of the primary government's net position, \$28.3 million or 3 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$104.5 million or 11 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

Statement of Activities. The City's total net position increased by \$98.8 million from current operations and decreased by \$1.0 million from adoption of GASB 101 during the current fiscal year. This included an increase of \$71.3 million in governmental activities and an increase of \$27.4 million in business-type activities.

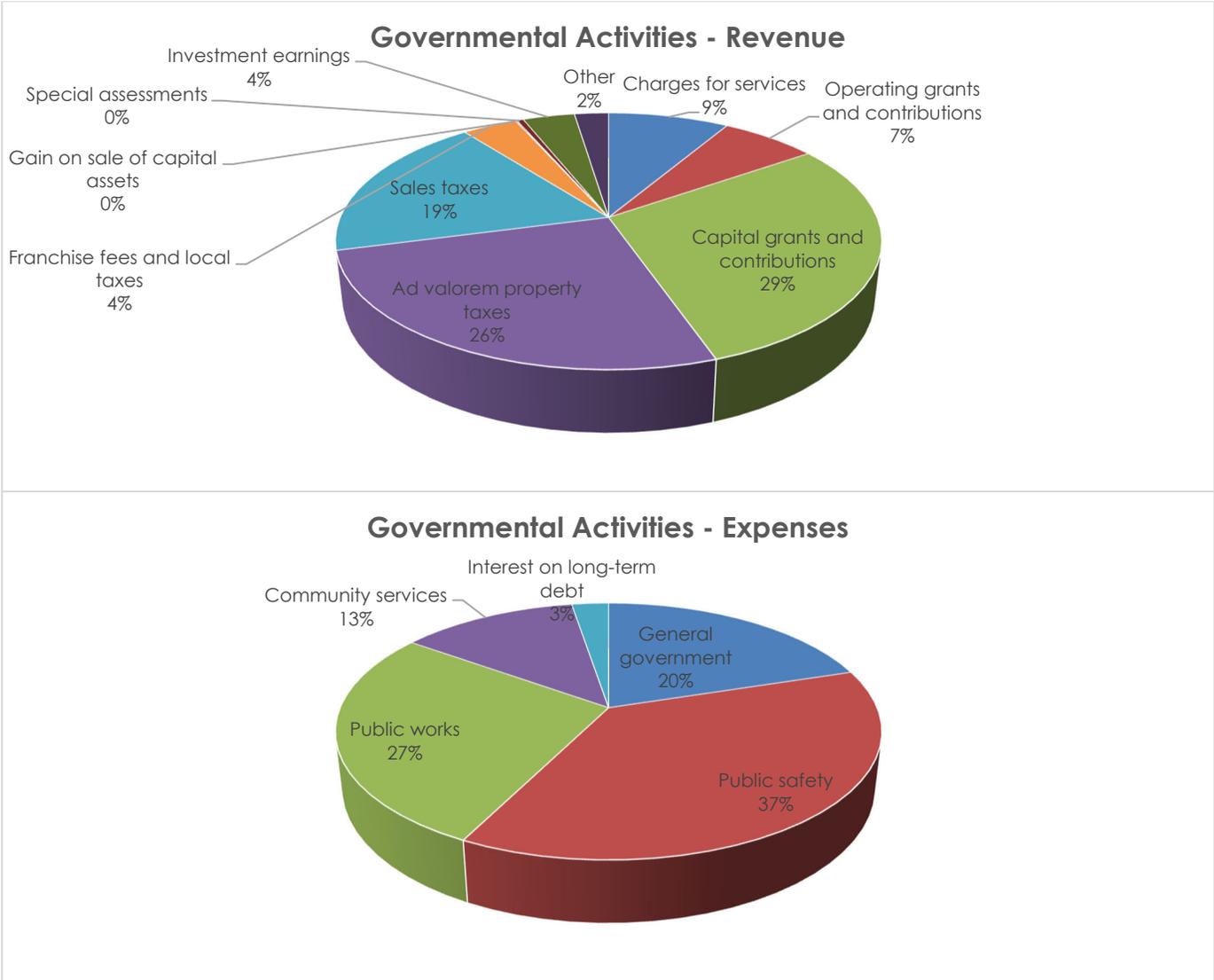
The following table reflects a summary of the City's Statement of Activities:

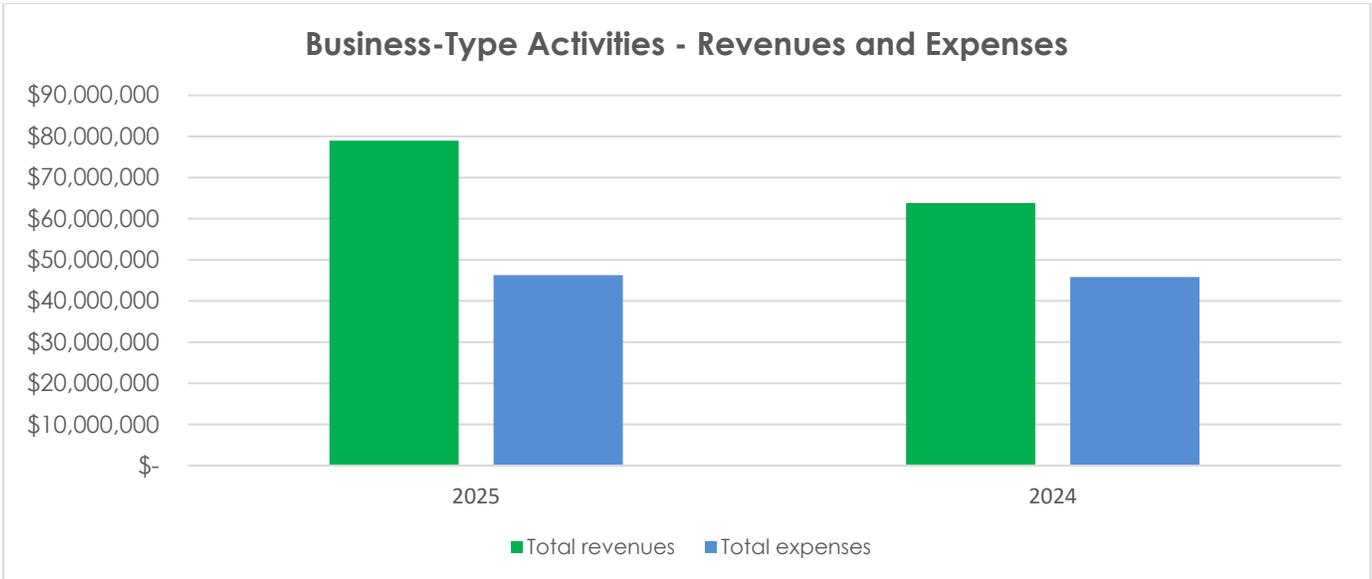
	City of League City, Texas Change in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 15,921,864	\$ 14,575,714	\$ 62,553,568	\$ 56,428,362	\$ 78,475,432	\$ 71,004,076
Operating grants and contributions	12,701,885	14,273,228	49,836	-	12,751,721	14,273,228
Capital grants and contributions	54,594,223	15,404,254	14,028,156	4,060,978	68,622,379	19,465,232
General revenues:						
Ad valorem property taxes	48,953,194	50,037,057	-	-	48,953,194	50,037,057
Sales taxes	34,601,371	33,678,478	-	-	34,601,371	33,678,478
Franchise fees and local taxes	7,231,155	7,138,671	-	-	7,231,155	7,138,671
Gain on sale of capital assets	200,039	192,078	2,681	21,447	202,720	213,525
Special assessments	869,458	865,783	-	-	869,458	865,783
Investment earnings	6,835,550	10,369,054	1,900,162	3,015,668	8,735,712	13,384,722
Other	4,503,066	7,230,950	415,448	286,502	4,918,514	7,517,452
Total revenues	186,411,805	153,765,267	78,949,851	63,812,957	265,361,656	217,578,224
Expenses:						
General government	24,204,294	20,518,882	-	-	24,204,294	20,518,882
Public safety	44,921,959	42,377,704	-	-	44,921,959	42,377,704
Public works	33,007,265	32,297,786	-	-	33,007,265	32,297,786
Community services	15,042,893	13,227,912	-	-	15,042,893	13,227,912
Interest on long-term debt	3,136,505	3,623,477	-	-	3,136,505	3,623,477
Water and wastewater	-	-	43,117,006	41,033,122	43,117,006	41,033,122
League City ballpark	-	-	3,165,915	4,792,832	3,165,915	4,792,832
Total expenses	120,312,916	112,045,761	46,282,921	45,825,954	166,595,837	157,871,715
Change in net position before transfers	66,098,889	41,719,506	32,666,930	17,987,003	98,765,819	59,706,509
Transfers	5,247,448	4,135,959	(5,247,448)	(4,135,959)	-	-
Change in net position	71,346,337	45,855,465	27,419,482	13,851,044	98,765,819	59,706,509
Net position - beginning, as previously reported	523,710,105	477,854,640	349,019,089	335,168,045	872,729,194	813,022,685
Beginning balance restatement - GASB 101	(880,480)	-	(136,247)	-	(1,016,727)	-
Net position - beginning, restated	522,829,625	477,854,640	348,882,842	335,168,045	871,712,467	813,022,685
Net position - ending	\$ 594,175,962	\$ 523,710,105	\$ 376,302,324	\$ 349,019,089	\$ 970,478,286	\$ 872,729,194

Governmental Activities. Overall, governmental activity revenues increased by \$32.6 million from the prior year. This net increase can be largely seen in the change in capital grants and contributions and investment earnings. Capital grants and contributions increased \$39.2 million due to more capital contribution activity from local developers. Investment earnings decreased \$3.5 million due to lower fair value gains and interest rates sustained during the current year. Governmental activities expenses increased by \$8.3 million, or 7 percent, primarily due to increases in payroll-related expenses.

Business-Type Activities. Overall, business-type activity revenues increased by \$15.1 million from the prior year. This can be attributed primarily to the net effect of an increase of \$10.0 million in capital grants and contributions and an increase of \$6.1 million in charges for services. Capital grants and contributions increased due to more capital contribution activity from local developers. Charges for services increased due to a rise in water and sewer rates that became effective April 2025 combined with increased water usage, as well as reporting an increased \$2.0 million of operating revenue for 2nd year of operations for the League City Ballpark Fund. Business-type activities expenses increased by \$0.5 million or 1 percent. This increase is largely flat due to 1) \$1.5 million increase in depreciation expense offset by 2) \$1.7 million decrease in payroll expense largely due to decreased pension liability and related accruals.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City’s activities.





Financial Analysis of the City’s Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. Unassigned fund balance may serve as a useful measure of the City’s net resources available for spending at the end of the year.

As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$145.3 million, an increase of \$2.0 million over the prior year. Approximately 24.7% of this total amount, \$35.9 million, is unassigned fund balance, 33.2%, or \$48.3 million, is restricted fund balance, 41.7%, or \$60.5 million, is committed fund balance and less than 1%, or \$0.1 million is assigned fund balance. The remaining fund balance is in nonspendable form and comprises less than 1% of the total.

The General Fund is the chief operating fund of the City. Fund balance in the General Fund increased from the prior year by \$2.1 million, resulting in an ending fund balance of \$36.5 million at year end. The unassigned fund balance of \$35.9 million represents 98.3% of total fund balance and 37.3% of total General Fund expenditures. Total general fund revenues increased \$1.3 million from the prior year, of which property tax revenues decreased \$0.1 million due to increases taxable values offset by a decrease in the M&O tax rate and sales tax revenues increased \$0.8 million as a result of anticipated growth in the local population and tax base. Charges for services increased \$1.2 million due to rate increases for solid waste collection and increased EMS activity. Total general fund expenditures increased \$10.8 million, or 12.6%, due primarily to a \$9.6 million increase in payroll cost resulting from wage increases in the current year and use of \$5.8 million in Coronavirus State and Local Fiscal Recovery Funds (ARPA) in 2024 that was no longer available in 2025.

The Debt Service Fund has a total fund balance of \$4.4 million at year end, all of which is restricted for the payment of future debt service obligations. The net decrease in fund balance during the current year in the Debt Service Fund was \$0.7 million, due primarily to a decrease in the interest and sinking tax rate due to a decrease in debt service requirements in the current year.

The General Obligation Improvement Bonds 2023 Fund no longer meets the criteria under GASB 34 to be reported as a major fund and was therefore moved to the nonmajor governmental funds reporting unit during 2025.

Proprietary Funds. The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Water and Wastewater Fund has a total net position of \$375.6 million at year end, of which \$22.9 million is unrestricted. The League City Ballpark Fund has a total net position of \$0.7 million at year end, of which \$0.1 million is reported as an unrestricted deficit due to its first full year of operations.

Other factors concerning the finances of the City's Proprietary Funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The general fund amended budget for 2025 included a planned decrease in fund balance in the amount of \$1.0 million. Actual fund balance for the year increased by \$2.1 million, a favorable variance of \$3.1 million.

General fund revenues were more than the amended budget by a net \$0.7 million. Charges for services and investment earnings were more than anticipated in the amended budget.

General fund expenditures were less than the amended budget by \$2.6 million. Departments over budget at year-end were addressed in the fourth quarter budget amendment from savings in other departments in the General Fund. The positive variance was primarily the result of 1) personnel services due to vacancies in budgeted positions; 2) savings due to windstorm insurance and workers' compensation costs performing under budget and 3) savings in capital outlay due to the delay in completion of a Motorola radio project.

Capital Assets and Long-term Liabilities

Capital Assets. At the end of current fiscal year 2025, the City's governmental activities and business-type activities had invested \$1.1 billion in a variety of capital assets and infrastructure (net of accumulated depreciation and amortization). This represents a net increase of \$74.1 million from the prior year.

**City of League City, Texas Capital Assets
(net of depreciation and amortization)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 25,557,416	\$ 24,987,780	\$ 4,256,652	\$ 4,148,769	\$ 29,814,068	\$ 29,136,549
Construction in progress	65,331,508	68,638,361	28,176,948	31,488,566	93,508,456	100,126,927
Infrastructure	438,941,068	376,939,208	384,233,507	362,148,531	823,174,575	739,087,739
Water rights	-	-	72,985,008	76,680,525	72,985,008	76,680,525
Buildings and improvements	50,593,297	52,737,969	146,282	96,205	50,739,579	52,834,174
Machinery and equipment	20,306,537	19,213,459	1,321,206	632,562	21,627,743	19,846,021
Right-to-use lease - machinery and equipment	80,860	95,560	-	-	80,860	95,560
Totals	\$ 600,810,686	\$ 542,612,337	\$ 491,119,603	\$ 475,195,158	\$ 1,091,930,289	\$ 1,017,807,495

Major capital asset events and capital projects during the year included the following:

- Developer contributions of infrastructure in the amount of \$57,459,827
- The Meadows Subdivision drainage improvements for \$1,031,965
- Hometown Heroes pool renovation for \$1,547,175
- Asphalt street rehabilitation for \$1,851,163
- Reconstruction of Turner and Butler for \$2,162,445
- North Landing extension for \$2,510,081
- SH3 and SH96 intersection improvements for \$1,110,447
- SH3 and FM518 intersection improvements for \$2,644,393
- Waterline replacement Pecan Forest, Highland Terrace, and Clear Creek Heights for \$1,200,444
- East Main 24-inch force main replacement for \$3,675,161
- East Main lift station conversion for \$1,588,618
- MGD Expansion of Southwest Water Reclamation Facility for \$2,649,226

More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Liabilities. At the end of the current fiscal year, the City reported total long-term liabilities of \$335.1 million. The City had bonds payable of \$271.8 million (\$247.7 million, net of premiums). Of this amount, \$156.0 million was general obligation debt and \$91.6 million represents certificates of obligation. The City's other long-term liabilities include its contractual obligations, leases payable, self-insurance claims payable, compensated absences, and net pension and other postemployment benefits liabilities.

City of League City, Texas Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Certificates of obligation	\$ 19,850,000	\$ 21,485,000	\$ 71,780,000	\$ 73,920,000	\$ 91,630,000	\$ 95,405,000
General obligation bonds	102,625,000	111,466,603	53,415,000	60,668,397	156,040,000	172,135,000
Unamortized premiums	12,744,423	14,189,532	11,380,616	12,961,585	24,125,039	27,151,117
Contractual obligations	-	-	20,266,451	20,866,714	20,266,451	20,866,714
Leases payable	79,334	94,493	-	-	79,334	94,493
Self insurance claims payable	528,912	720,652	-	-	528,912	720,652
Compensated absences*	8,831,853	7,515,796	1,037,307	863,935	9,869,160	8,379,731
Net pension liability	19,417,045	23,307,342	3,842,472	5,311,693	23,259,517	28,619,035
Net OPEB liability	7,804,787	7,726,162	1,544,502	1,760,776	9,349,289	9,486,938
Total	\$ 171,881,354	\$ 186,505,580	\$ 163,266,348	\$ 176,353,100	\$ 335,147,702	\$ 362,858,680

*Compensated absences was restated as of October 1, 2024, to conform with adoption of GASB Statement 101, *Compensated Absences*. See Note 15.

More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budget

Like the region, the City has been characterized by steady long-term growth and is considered a highly attractive location to families and businesses alike. In 2025, the City is continuing to see new construction of all types of property and is anticipated at 1,000 new homes in 2026.

Energy remains the region's predominant economic specialty due to its proximity to the petrochemical plants in surrounding communities. The local economy is strong but could easily be affected by national and international factors that potentially could drive the demand for oil to higher levels, sending the energy-driven boom into an expansion of the local economy.

The City is strategically located at the nexus of I-45 and the future Grand Parkway between Houston and Galveston that provides access to four major ports - Houston, Freeport, Texas City, and Galveston - Hobby International Airport, and the Houston Spaceport, the only spaceport located within a major metropolitan area of the United States of America. The City benefits from its strong relationships with medical, professional services, global logistics, and tourism industries, making the City an attractive community for medical, engineering, and aerospace professionals and their families.

Sales taxes continue to be systematically compared with water customers, energy employment, local business conditions, and growth in the local retail base to better understand current trends in this volatile revenue source. For the sixteenth year in a row, a five-year operating forecast (Long Range Financial Forecast or LRFF) was prepared, clarifying the impact of economic change and program demands on the operating budget. The LRFF also included a study of debt capacity using conservative growth and interest rate assumptions, used to provide a complete financing plan for the five-year capital improvement plan.

To date, revenue and expenditure trends are tracking closely with budget assumptions. The fiscal year 2026 adopted budget projected sales tax revenue at 4.5 percent over fiscal year 2025 year-end estimates and 6.4 percent over fiscal year 2025 actuals. As of January 2026 receipts, which represent November 2025 sales, collections are trending at one percent above the fiscal year 2026 budgeted amount. Other major revenue sources are generally on budget and expenditures appear to be within budget.

Contacting The City's Financial Management

This financial report is designed to provide a general overview of the finances of the City. Questions concerning this report or requests for additional financial information should be directed to the Office of the Finance Director, 300 West Walker, League City, TX, 77573, telephone 281-554-1359; or for general City information, visit the City's website at www.leaguecitytx.gov.



City of League City, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	4B Industrial Development Corporation
ASSETS				
Cash and cash equivalents	\$ 41,660,132	\$ 3,634,213	\$ 45,294,345	\$ 2,346,616
Restricted cash and cash equivalents	-	9,167,335	9,167,335	-
Investments	117,661,981	18,571,249	136,233,230	9,499,727
Restricted investments	-	15,102,698	15,102,698	-
Receivables, net of allowance	17,658,127	9,814,338	27,472,465	910,694
Lease receivables	1,081,646	1,713,598	2,795,244	-
Inventories	98,064	299,082	397,146	-
Prepaid Items	545,804	293,197	839,001	-
Capital assets - nondepreciable	90,888,924	32,433,600	123,322,524	-
Capital assets - depreciable, net	509,921,762	458,686,003	968,607,765	-
Total assets	779,516,440	549,715,313	1,329,231,753	12,757,037
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding bonds	592,610	745,873	1,338,483	-
Pensions	7,493,316	1,481,983	8,975,299	-
Other post employment benefits	808,200	157,149	965,349	-
Total deferred outflows of resources	8,894,126	2,385,005	11,279,131	-
Total assets and deferred outflows of resources	788,410,566	552,100,318	1,340,510,884	12,757,037
LIABILITIES				
Accounts payable	9,036,173	3,747,828	12,784,001	256,424
Accrued liabilities	3,511,690	1,229,737	4,741,427	623,928
Accrued interest payable	583,341	677,071	1,260,412	-
Deposits payable	18,250	2,615,934	2,634,184	-
Unearned revenue	43,692	98,611	142,303	-
Noncurrent liabilities:				
Due within one year	15,741,997	10,480,991	26,222,988	-
Due in more than one year	156,139,357	152,785,357	308,924,714	-
Total liabilities	185,074,500	171,635,529	356,710,029	880,352
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding bonds	1,881,471	1,004,669	2,886,140	-
Pensions	2,088,641	663,526	2,752,167	-
Other post employment benefits	4,202,500	866,811	5,069,311	-
Leases	987,492	1,627,459	2,614,951	-
Total deferred inflows of resources	9,160,104	4,162,465	13,322,569	-
Total liabilities and deferred inflows of resources	194,234,604	175,797,994	370,032,598	880,352
NET POSITION				
Net investment in capital assets	488,368,169	349,326,132	837,694,301	-
Restricted for				
Debt service	4,147,929	4,215,209	8,363,138	-
Municipal court	116,219	-	116,219	-
Hotel occupancy tax	2,217,751	-	2,217,751	-
Public access channel	1,275,752	-	1,275,752	-
Grants	4,073,466	-	4,073,466	-
Tax increment reinvestment zone	8,268,331	-	8,268,331	-
Public improvement district	3,270,375	-	3,270,375	-
Opioid settlement	118,418	-	118,418	-
Special projects	549,848	-	549,848	-
Unrestricted	81,769,704	22,760,983	104,530,687	11,876,685
TOTAL NET POSITION	\$ 594,175,962	\$ 376,302,324	\$ 970,478,286	\$ 11,876,685

The Notes to the Basic Financial Statements are an integral part of this statement.

City of League City, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 24,204,294	\$ 396,242	\$ 6,017,305	\$ -
Public safety	44,921,959	4,021,868	2,989,961	-
Public works	33,007,265	10,262,949	3,693,610	43,431,671
Community services	15,042,893	1,240,805	1,009	11,162,552
Interest on long-term debt	3,136,505	-	-	-
Total governmental activities	120,312,916	15,921,864	12,701,885	54,594,223
Business-type activities				
Water and wastewater	43,117,006	57,780,638	49,836	14,028,156
League City ballpark	3,165,915	4,772,930	-	-
Total business-type activities	46,282,921	62,553,568	49,836	14,028,156
Total primary government	\$ 166,595,837	\$ 78,475,432	\$ 12,751,721	\$ 68,622,379
COMPONENT UNIT				
4B Industrial development corporation	7,244,552	-	-	-
Total component unit	\$ 7,244,552	\$ -	\$ -	\$ -

GENERAL REVENUES

- Taxes:
 - Ad valorem property taxes
 - Sales taxes
 - Franchise fees and local taxes
- Gain on sale of capital assets
- Special assessments
- Investment earnings
- Other
- Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as previously reported

Restatement of beginning balance - change in accounting principle - GASB 101 (Note 15)

NET POSITION, beginning of year - restated

NET POSITION, end of year

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	4B Industrial Development Corporation
\$ (17,790,747)	\$ -	\$ (17,790,747)	\$ -
(37,910,130)	-	(37,910,130)	-
24,380,965	-	24,380,965	-
(2,638,527)	-	(2,638,527)	-
(3,136,505)	-	(3,136,505)	-
(37,094,944)	-	(37,094,944)	-
-	28,741,624	28,741,624	-
-	1,607,015	1,607,015	-
-	30,348,639	30,348,639	-
<u>\$ (37,094,944)</u>	<u>\$ 30,348,639</u>	<u>\$ (6,746,305)</u>	<u>\$ -</u>
-	-	-	(7,244,552)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,244,552)</u>
48,953,194	-	48,953,194	-
34,601,371	-	34,601,371	4,943,053
7,231,155	-	7,231,155	-
200,039	2,681	202,720	-
869,458	-	869,458	-
6,835,550	1,900,162	8,735,712	485,444
4,503,066	415,448	4,918,514	-
5,247,448	(5,247,448)	-	-
108,441,281	(2,929,157)	105,512,124	5,428,497
71,346,337	27,419,482	98,765,819	(1,816,055)
523,710,105	349,019,089	872,729,194	13,692,740
(880,480)	(136,247)	(1,016,727)	-
522,829,625	348,882,842	871,712,467	13,692,740
<u>\$ 594,175,962</u>	<u>\$ 376,302,324</u>	<u>\$ 970,478,286</u>	<u>\$ 11,876,685</u>

City of League City, Texas
 Balance Sheet - Governmental Funds
 September 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,004,875	\$ 1,922,897	\$ 26,175,233	\$ 37,103,005
Investments	21,237,406	2,507,039	81,472,563	105,217,008
Receivables, net of allowance	12,364,076	302,159	4,774,504	17,440,739
Lease receivables	1,081,646	-	-	1,081,646
Due from other funds	803,166	-	-	803,166
Prepaid Items	504,164	-	41,640	545,804
TOTAL ASSETS	\$ 44,995,333	\$ 4,732,095	\$ 112,463,940	\$ 162,191,368
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,085,423	\$ 825	\$ 4,921,746	\$ 8,007,994
Accrued liabilities	2,151,217	-	1,332,002	3,483,219
Deposits payable	14,725	-	3,525	18,250
Due to other funds	-	-	803,166	803,166
Unearned revenue	-	-	43,692	43,692
Total liabilities	5,251,365	825	7,104,131	12,356,321
DEFERRED INFLOWS OF RESOURCES				
Leases	987,492	-	-	987,492
Unavailable revenue - property taxes	931,063	288,108	415	1,219,586
Unavailable revenue - grants	-	-	184,609	184,609
Unavailable revenue - court fines and warrants	1,325,098	-	-	1,325,098
Unavailable revenue - other	-	-	779,148	779,148
Total deferred inflows of resources	3,243,653	288,108	964,172	4,495,933
FUND BALANCES				
Nonspendable:				
Prepaid items	504,164	-	41,640	545,804
Restricted:				
Debt service	-	4,443,162	-	4,443,162
Municipal court	-	-	116,219	116,219
Hotel occupancy tax	-	-	2,217,751	2,217,751
Public access channel	-	-	1,275,752	1,275,752
Grants	-	-	3,888,857	3,888,857
Tax increment reinvestment zone	-	-	8,268,331	8,268,331
Public improvement district	-	-	3,270,375	3,270,375
Opioid settlement	-	-	118,418	118,418
Special projects	-	-	549,848	549,848
Capital projects	-	-	24,145,101	24,145,101
Committed:				
Special projects	-	-	3,390,464	3,390,464
Capital projects	-	-	57,147,674	57,147,674
Assigned:				
City manager severance	109,027	-	-	109,027
Unassigned	35,887,124	-	(34,793)	35,852,331
Total fund balances	36,500,315	4,443,162	104,395,637	145,339,114
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 44,995,333	\$ 4,732,095	\$ 112,463,940	\$ 162,191,368

The Notes to the Basic Financial Statements are an integral part of this statement.



City of League City, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 145,339,114

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.

Capital assets, cost	\$ 899,877,626	
Capital assets, accumulated depreciation and amortization	<u>(310,373,557)</u>	589,504,069

Unavailable revenues, which will be collected subsequent to year-end, are not available soon enough to pay expenditures of the current period and, therefore, are deferred in the funds.

Unavailable revenue - property taxes	\$ 1,219,586	
Unavailable revenue - grants	184,609	
Unavailable revenue - court fines and warrants	1,325,098	
Unavailable revenue - other	<u>779,148</u>	3,508,441

Deferred charge and gain on issuance of refunding bonds is not recorded in the fund financial statements but is recorded as a deferred outflow or inflow of resources on the statement of net position.

Deferred charge on refunding bonds	\$ 592,610	
Deferred gain on refunding bonds	<u>(1,881,471)</u>	(1,288,861)

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the fund financial statements. The components of long-term liabilities are:

Bonds payable, par	\$ (122,475,000)	
Bonds payable, premiums	(12,744,423)	
Leases payable	(79,334)	
Accrued interest payable	(583,341)	
Compensated absences payable	(8,831,853)	
Net pension liability	(19,417,045)	
Net OPEB liability	<u>(7,804,787)</u>	(171,935,783)

The deferred outflows and inflows of resources related to the net pension liability and the total OPEB liability are recognized on the statement of net position:

Deferred outflows - pensions	\$ 7,493,316	
Deferred outflows - OPEB	808,200	
Deferred inflows - pensions	(2,088,641)	
Deferred inflows - OPEB	<u>(4,202,500)</u>	2,010,375

Internal service funds are used by management to charge the cost of certain activities, such as motor pool, employee benefits and capital replacement, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

27,038,607

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 594,175,962**

City of League City, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2025

	General Fund	Debt Service Fund	General Obligation Improvement Bonds 2023 Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem property tax	\$ 40,124,481	\$ 7,608,468	\$ -	\$ 1,187,487	\$ 48,920,436
Sales tax	29,658,318	-	-	4,943,053	34,601,371
Franchise fees	5,532,119	-	-	205,671	5,737,790
Other taxes	501,338	-	-	992,027	1,493,365
Special assessments	-	-	-	869,458	869,458
Licenses and permits	3,834,046	-	-	-	3,834,046
Fines and forfeitures	1,958,829	-	-	145,256	2,104,085
Charges for services	15,315,864	-	-	4,524,000	19,839,864
Intergovernmental	1,091,416	-	-	4,706,727	5,798,143
Contributions	-	-	-	2,147,722	2,147,722
Investment earnings	1,541,627	218,691	-	4,347,849	6,108,167
Other	333,592	-	-	4,169,474	4,503,066
Total revenues	99,891,630	7,827,159	-	28,238,724	135,957,513
EXPENDITURES					
Current:					
General government	20,185,149	250,000	-	1,864,139	22,299,288
Public safety	41,521,411	-	-	678,382	42,199,793
Public works	22,408,751	-	-	622,632	23,031,383
Community services	11,161,296	-	-	1,978,893	13,140,189
Debt service:					
Principal	-	9,706,603	-	785,159	10,491,762
Interest and fiscal charges	-	4,594,999	-	228,524	4,823,523
Capital outlay	884,103	-	-	22,348,324	23,232,427
Total expenditures	96,160,710	14,551,602	-	28,506,053	139,218,365
Excess (deficiency) of revenues over (under) expenditures	3,730,920	(6,724,443)	-	(267,329)	(3,260,852)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	29,136	-	-	-	29,136
Transfers in	5,350,135	6,000,000	-	7,000,000	18,350,135
Transfers out	(7,000,000)	-	-	(6,102,687)	(13,102,687)
Total other financing sources (uses)	(1,620,729)	6,000,000	-	897,313	5,276,584
Net change in fund balances	2,110,191	(724,443)	-	629,984	2,015,732
Fund balances, beginning of year, as previously reported	34,390,124	5,167,605	5,724,177	98,041,476	143,323,382
Adjustment of beginning balance - change in reporting entity (Note 15)	-	-	(5,724,177)	5,724,177	-
Fund balances, beginning of year - as adjusted	34,390,124	5,167,605	-	103,765,653	143,323,382
FUND BALANCES, END OF YEAR	\$ 36,500,315	\$ 4,443,162	\$ -	\$ 104,395,637	\$ 145,339,114

The Notes to the Basic Financial Statements are an integral part of this statement.



City of League City, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended September 30, 2025

Net change in fund balances - total governmental funds \$ 2,015,732

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/ amortization expense. This is the amount of capital asset additions recorded in the current period. 23,232,427

Depreciation and amortization expense on capital assets is reported in the statement of activities, but does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as expenditures in the governmental funds. (15,671,129)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, transfers, non-cash capital contributions) is not reported in the governmental funds.

Non-cash capital contributions	48,611,904	
Sales, disposals, transfers and other	-	48,611,904
	-	

Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered available and are deferred in the governmental funds. Deferred inflows increased (decreased) by this amount this year. 914,963

The issuance of long term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items was:

Amortization of premium on bonds payable	\$ 1,445,109	
Amortization of deferred loss on refunding	(115,652)	
Amortization of deferred gain on refunding	294,281	
Accrued interest payable decreased	63,280	
Principal paid on bonds and other debt	10,491,762	12,178,780
	10,491,762	

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The following long-term liabilities (increased) / decreased:

Compensated absences	\$ (435,577)	
Net pension liability	3,890,297	
Net OPEB liability	(78,625)	3,376,095
	(78,625)	

Some deferred outflows and deferred inflows reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. The following deferred outflows and deferred inflows of resources changed:

Deferred outflows of resources - pensions	\$ (3,684,170)	
Deferred outflows of resources - OPEB	(240,902)	
Deferred inflows of resources - pensions	(1,350,603)	
Deferred inflows of resources - OPEB	487,506	(4,788,169)
	487,506	

An internal service fund is used by management to charge the cost of certain activities, such as fleet management and health benefits, to individual funds. The change in the net position of the internal service funds is included in governmental activities in the statement of activities. 1,475,734

Change in net position - governmental activities \$ 71,346,337

City of League City, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-type Activities			Governmental
	Water and Wastewater Fund	League City Ballpark Fund	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,468,967	\$ 165,246	\$ 3,634,213	\$ 4,557,127
Restricted cash and cash equivalents - customer deposits	2,615,934	-	2,615,934	-
Restricted cash and cash equivalents - capital projects	4,167,838	-	4,167,838	-
Restricted cash and cash equivalents - debt service	2,383,563	-	2,383,563	-
Investments	17,148,515	1,422,734	18,571,249	12,444,973
Restricted investments - capital projects	12,593,981	-	12,593,981	-
Restricted investments - debt service	2,508,717	-	2,508,717	-
Receivables, net of allowance	9,780,867	33,471	9,814,338	217,388
Lease receivables	1,713,598	-	1,713,598	-
Inventories	299,082	-	299,082	98,064
Prepaid Items	256,380	36,817	293,197	-
Total current assets	56,937,442	1,658,268	58,595,710	17,317,552
Noncurrent assets:				
Capital assets:				
Capital assets - nondepreciable	32,433,600	-	32,433,600	-
Capital assets - depreciable, net	457,827,288	858,715	458,686,003	11,306,617
Net capital assets	490,260,888	858,715	491,119,603	11,306,617
Total noncurrent assets	490,260,888	858,715	491,119,603	11,306,617
Total assets	547,198,330	2,516,983	549,715,313	28,624,169
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding bonds	745,873	-	745,873	-
Pensions	1,260,248	221,735	1,481,983	-
Other post employment benefits	146,387	10,762	157,149	-
Total deferred outflows of resources	2,152,508	232,497	2,385,005	-
Total assets and deferred outflows of resources	549,350,838	2,749,480	552,100,318	28,624,169
LIABILITIES				
Current liabilities				
Accounts payable	\$ 3,572,771	\$ 175,057	\$ 3,747,828	\$ 1,028,179
Accrued liabilities	845,223	384,514	1,229,737	28,471
Accrued interest payable	677,071	-	677,071	-
Deposits payable	2,615,934	-	2,615,934	-
Unearned revenue	70,486	28,125	98,611	-
Claims payable, current	-	-	-	528,912
Compensated absences, current	593,983	16,212	610,195	-
Bonds and contractual obligations, current	9,870,796	-	9,870,796	-
Total current liabilities	18,246,264	603,908	18,850,172	1,585,562
Noncurrent liabilities				
Compensated absences	418,488	8,624	427,112	-
Net pension liability	3,267,962	574,510	3,842,472	-
Net OPEB liability	1,313,575	230,927	1,544,502	-
Bonds and contractual obligations	146,971,271	-	146,971,271	-
Total noncurrent liabilities	151,971,296	814,061	152,785,357	-
Total liabilities	170,217,560	1,417,969	171,635,529	1,585,562
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding bonds	1,004,669	-	1,004,669	-
Pensions	201,649	461,877	663,526	-
Other post employment benefits	721,395	145,416	866,811	-
Leases	1,627,459	-	1,627,459	-
Total deferred inflows of resources	3,555,172	607,293	4,162,465	-
Total liabilities and deferred inflows of resources	173,772,732	2,025,262	175,797,994	1,585,562
NET POSITION				
Net investment in capital assets	348,467,417	858,715	349,326,132	11,306,617
Restricted for debt service	4,215,209	-	4,215,209	-
Unrestricted (deficit)	22,895,480	(134,497)	22,760,983	15,731,990
TOTAL NET POSITION	\$ 375,578,106	\$ 724,218	376,302,324	\$ 27,038,607

The Notes to the Basic Financial Statements are an integral part of this statement.

City of League City, Texas
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Business-type Activities			Governmental
	Water and Wastewater Fund	League City Ballpark Fund	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 57,780,638	\$ 4,772,930	\$ 62,553,568	\$ 16,380,878
Other	415,158	290	415,448	73,516
Total operating revenues	58,195,796	4,773,220	62,969,016	16,454,394
OPERATING EXPENSES				
Personnel services	8,827,800	689,285	9,517,085	888,700
Materials, supplies and contracted services	9,341,780	1,468,857	10,810,637	1,370,079
Utilities	1,470,351	275,995	1,746,346	5,501
Repairs and maintenance	3,067,787	168,039	3,235,826	1,037,276
Other operating expenses	2,029,716	479,541	2,509,257	14,738
Depreciation and amortization	13,679,496	84,198	13,763,694	1,777,360
Self insurance claims	-	-	-	10,783,292
Total operating expenses	38,416,930	3,165,915	41,582,845	15,876,946
Operating income	19,778,866	1,607,305	21,386,171	577,448
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	1,848,731	51,431	1,900,162	727,383
Intergovernmental	49,836	-	49,836	-
Gain (loss) on disposal of capital assets	2,681	-	2,681	170,903
Interest and fiscal charges	(4,700,076)	-	(4,700,076)	-
Total nonoperating revenues (expenses)	(2,798,828)	51,431	(2,747,397)	898,286
Income before transfers and capital contributions	16,980,038	1,658,736	18,638,774	1,475,734
Capital contributions	14,028,156	-	14,028,156	-
Transfers out	(5,247,448)	-	(5,247,448)	-
Change in net position	25,760,746	1,658,736	27,419,482	1,475,734
Net position, beginning of year, as previously reported	349,948,749	(929,660)	349,019,089	25,562,873
Restatement of beginning balance - GASB 101 (Note 15)	(131,389)	(4,858)	(136,247)	-
Net position, beginning of year - restated	349,817,360	(934,518)	348,882,842	25,562,873
NET POSITION, END OF YEAR	\$ 375,578,106	\$ 724,218	\$ 376,302,324	\$ 27,038,607

The Notes to the Basic Financial Statements are an integral part of this statement.

City of League City, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Business-type Activities			Governmental
	Water and Wastewater Fund	League City Ballpark Fund	Total Enterprise Funds	Internal Service Fund
OPERATING ACTIVITIES				
Receipts from customers	\$ 56,511,222	\$ 4,826,735	\$ 61,337,957	\$ -
Receipts from interfund charges	-	-	-	16,256,791
Other receipts	-	-	-	73,516
Payments to suppliers and service providers	(15,769,379)	(2,246,328)	(18,015,707)	(2,271,509)
Payments to employees for salaries and benefits	(9,015,592)	(1,705,094)	(10,720,686)	(883,773)
Payments for claims	-	-	-	(10,975,032)
Net cash provided by operating activities	31,726,251	875,313	32,601,564	2,199,993
NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental	49,836	-	49,836	-
Transfers to other funds	(5,247,448)	-	(5,247,448)	-
Net cash used for noncapital financing activities	(5,197,612)	-	(5,197,612)	-
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(15,632,677)	(781,114)	(16,413,791)	(3,629,318)
Proceeds from sale of capital assets	6,599	-	6,599	301,082
Principal paid on long-term debt	(9,993,660)	-	(9,993,660)	-
Interest paid on long-term debt	(6,451,815)	-	(6,451,815)	-
Net cash used for capital and related financing activities	(32,071,553)	(781,114)	(32,852,667)	(3,328,236)
INVESTING ACTIVITIES				
Interest received	1,825,044	67,404	1,892,448	605,248
Investment purchases	(11,707,767)	-	(11,707,767)	(5,561,762)
Investment sales / maturities	12,593,000	-	12,593,000	3,500,000
Net cash provided by (used for) investing activities	2,710,277	67,404	2,777,681	(1,456,514)
Net change in cash and cash equivalents	(2,832,637)	161,603	(2,671,034)	(2,584,757)
Cash and cash equivalents, beginning of year	15,468,939	3,643	15,472,582	7,141,884
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,636,302	\$ 165,246	\$ 12,801,548	\$ 4,557,127
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION				
Cash and cash equivalents	\$ 3,468,967	\$ 165,246	\$ 3,634,213	\$ 4,557,127
Restricted cash and cash equivalents	9,167,335	-	9,167,335	-
CASH AND CASH EQUIVALENTS	\$ 12,636,302	\$ 165,246	\$ 12,801,548	\$ 4,557,127

The Notes to the Basic Financial Statements are an integral part of this statement.

City of League City, Texas
Statement of Cash Flows - Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Business-type Activities			Governmental
	Water and Wastewater Fund	League City Ballpark Fund	Total Enterprise Funds	Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 19,778,866	\$ 1,607,305	\$ 21,386,171	\$ 577,448
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	13,679,496	84,198	13,763,694	1,777,360
(Increase) decrease in assets and deferred outflows				
Receivables, net				
Accounts receivable	(1,849,003)	32,006	(1,816,997)	-
Leases receivable	(587,164)	-	(587,164)	-
Other receivables	-	-	-	(124,087)
Inventory	(43,329)	-	(43,329)	(26,246)
Prepaid items	(18,285)	4,598	(13,687)	-
Deferred outflows of resources - pension and OPEB	769,981	(187,730)	582,251	-
Increase (decrease) in liabilities and deferred inflows				
Accounts payable	201,869	199,332	401,201	183,756
Accrued liabilities	(570,070)	18,502	(551,568)	3,502
Deposits payable	180,320	(6,616)	173,704	-
Unearned revenue	-	28,125	28,125	-
Due to other funds	-	(57,826)	(57,826)	-
Compensated absences	26,164	10,961	37,125	-
Claims payable	-	-	-	(191,740)
Pension and OPEB liability	(410,346)	(1,275,149)	(1,685,495)	-
Deferred inflows of resources - pension and OPEB	(3,521)	417,607	414,086	-
Deferred inflows of resources - leases	571,273	-	571,273	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 31,726,251	\$ 875,313	\$ 32,601,564	\$ 2,199,993
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions from developers	\$ 14,028,156	\$ -	\$ 14,028,156	\$ -
Capital asset purchases on account	749,890	-	749,890	250,743

The Notes to the Basic Financial Statements are an integral part of this statement.

City of League City, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Retiree Health OPEB Trust Fund
	<hr/>
	Trust Fund
	<hr/>
ASSETS	
Current assets:	
Investments	\$ 280,617
	<hr/>
Total assets	280,617
LIABILITIES	
Current liabilities:	
Accounts payable	-
	<hr/>
Total liabilities	-
NET POSITION	
Restricted for beneficiaries	280,617
	<hr/>
TOTAL NET POSITION	\$ 280,617
	<hr/> <hr/>

City of League City, Texas
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Fiscal Year Ended December 31, 2024

	Retiree Health OPEB Trust Fund
ADDITIONS	
Contributions	\$ 648,166
Investment earnings (loss)	(5,671)
	<hr/>
Total additions	642,495
DEDUCTIONS	
Beneficiaries	361,878
	<hr/>
Total deductions	361,878
	<hr/>
Change in net position	280,617
Net position, beginning of year	-
	<hr/>
NET POSITION, END OF YEAR	\$ 280,617
	<hr/> <hr/>

The Notes to the Basic Financial Statements are an integral part of this statement.



City of League City, Texas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of League City, Texas (the "City") was incorporated in May 1962 and adopted a "Home Rule Charter" which provided for a "Mayor-Council" form of government. In May 2010, the voters of the City approved various amendments to the City charter, including adoption of the "Council Manager" form of government and the creation of the office of the City Manager. A Mayor and seven Council members are elected by voters of the City at large for four-year terms.

The City Council is the principal legislative and administrative body of the City. Subject to confirmation of the City Council, the Mayor has the power to appoint all boards, commissions, agencies, and officers provided for in the charter or by ordinance. The Mayor is the presiding officer of the City Council.

The City Manager is the head of the administrative departments of the City and is the supervisor of all administrative officers, employees, directors, and department heads. Departments and agencies of the City submit budget requests to the City Manager.

The City provides the following services: public safety (police, fire, and emergency management services), public works, water and sewer services, solid waste collection and disposal (contract), community services, and general government.

The City is an independent political subdivision of the State of Texas (the "State") governed by an elected Council and a Mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The component units as listed below, although legally separate, are considered part of the reporting entity. No other entities have been included in the City's financial statements as part of the reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

The governmental discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

City of League City, Texas

Notes to the Basic Financial Statements

1. City of League City Section 4B Industrial Development Corporation

All powers of the 4B Industrial Development Corporation (the "Corporation") are vested in a Board consisting of seven persons who are appointed by the City Council. The Board acts on behalf of the City in administering the provisions of Section 4B, Article 5190.6, of the Development Act of 1979, State of Texas. The Corporation is funded by a one-quarter percent local sales and use tax approved by local voters. The Corporation is fiscally dependent on the City because the capital budgets are approved by City Council. In addition, the Corporation is prohibited from issuing bonded debt without approval of the City Council. The projects developed by the Corporation serve the citizens of the City.

Blended Component Units

The following blended component units are presented with the primary government:

1. City of League City Tax Increment Reinvestment Zone (TIRZ) No. Four – Westwood

Six of the nine members of the governing Board are appointed by City Council as dictated by Chapter 311 of the Texas Tax Code. The other three board members are represented by a County of Galveston appointee, the State Senator for the area or designee, and the State Representative for the area or designee. This entity was created to provide the financing and management tool needed to facilitate the development of a master planned community and business park within the boundaries of the City. The TIRZ allows developers to create the infrastructure to the master planned community and business park. As the developer of the master planned community completes infrastructure improvements within the TIRZ, the City takes title to the infrastructure and the TIRZ is responsible for reimbursing the developer for the infrastructure costs.

2. City of League City Public Improvement District (PID) No. One – Magnolia Creek

City Council approved an ordinance to terminate TIRZ No. One on August 14, 2010. However, the TIRZ Board continues to oversee the operations of the PID created in conjunction with the TIRZ. The PID was created to assist in the financing of the residential costs of a master planned community. The revenues are derived from an assessment levied against each residential lot and reused to reimburse the developer for infrastructure costs. The assessment can be paid in full at the time of final occupancy or may be financed for a period of 15 to 20 years.

3. City of League City Public Improvement District (PID) No. Two – Victory Lakes

City Council approved an ordinance to terminate TIRZ No. Two on August 22, 2023. However, the TIRZ Board continues to oversee the operations of the PID created in conjunction with the TIRZ. This entity was created to assist in the financing of the residential cost of a master planned community. The revenues are derived from an assessment levied against each residential lot. The assessment can be paid in full at the time of final occupancy or may be financed for a period of 15 to 20 years.

4. City of League City Public Improvement District (PID) No. Three – CenterPointe

City Council approved an ordinance for the expiration of TIRZ No. Three in 2020. However, the TIRZ Board oversees the operations of the PID created in conjunction with the TIRZ. This entity was created to assist in the financing of the residential cost of a master planned community. The revenues are derived from an assessment levied against each residential lot. The assessment can be paid in full at the time of final occupancy or may be financed for a period of 15 to 20 years.

5. City of League City Public Improvement District (PID) No. Five – Park on Clear Creek

This entity was created to assist in the financing of the residential cost of a master planned community. The revenues are derived from an assessment levied against each residential lot. The assessment can be paid in full at the time of final occupancy or may be financed for a period of 25 years. The City Council has dissolved the Board and now functions on its behalf.

City of League City, Texas

Notes to the Basic Financial Statements

Each of the blended component units above have been included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City appoints a majority of these organizations' boards or oversees the activities directly and is either able to impose its will on them, impose a financial benefit or burden, or the component unit is fiscally dependent on the City. More specifically, each of the TIRZs and PIDs have been blended as each of these component units exclusively, or almost exclusively, benefits the City.

TIRZ No. One, Two and Three, previously component units of the City, were dissolved during fiscal year 2010, 2023 and 2020, respectively. The remaining funds from these component units are to be used by the City to complete certain infrastructure improvements within the TIRZ.

Fiduciary Component Unit

The following fiduciary component unit is presented in the fiduciary fund financial statements:

1. Retiree Health OPEB Trust Fund

The City established an irrevocable trust in August 2024 to fund activities of the City's retiree medical program. The contributions and benefits associated with the program are governed by City Council and activities are reported through the trust with a fiscal year end of December 31.

Complete financial statements of the individual component units can be obtained by contacting the Office of the Finance Director, 300 West Walker, League City, TX, 77573.

Not included as part of the City's reporting entity are municipal utility districts (MUDs) located within the City's jurisdiction. The MUDs' Boards of Directors are elected officials, and the City exercises no control over the Boards of Directors. The MUDs construct utility system infrastructure and issue bonds to finance such infrastructure. The MUDs then release their security interest in the facilities to the City, and the City operates and maintains the systems. The City may enter into agreements to rebate MUDs a percent of taxes levied and collected within the MUDs, but does not guarantee the debt of the MUDs. Galveston County MUD #13 was dissolved during fiscal year 2017. Galveston County MUD #3, South Shore Harbour MUD #2, and South Shore Harbour MUD #3 were dissolved during fiscal years 2014, 2012, and 2011, respectively. The City has taken over the debt of these entities.

Also, not included as part of the reporting entity is the Westwood Management District. This development district is funded through a property tax with no City rebate. The initial Board was appointed by the City Council, but the City does not exercise control over the Board nor does the City guarantee the debt of the District.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City of League City, Texas

Notes to the Basic Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund and is used to account for all financial transactions not required to be reported in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and community services. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *general obligation improvement bonds 2023 fund* is used to account for the expenditures of resources accumulated from the sale of the 2023 general obligation improvement bonds and related interest earnings for capital improvement projects. This fund no longer meets the criteria under GASB 34 to be reported as a major fund and was therefore moved to the nonmajor governmental funds reporting unit during 2025.

In addition, the City reports the following nonmajor governmental funds:

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *capital projects funds* are used to account for the expenditures of resources accumulated from the sale of long-term debt and related interest earnings for capital improvement projects.

City of League City, Texas

Notes to the Basic Financial Statements

The City reports the following major proprietary fund:

An *enterprise fund* is used to account for the operations that provide water and wastewater collection and wastewater treatment operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water and wastewater fund is considered a major fund for reporting purposes. Additionally, the City reports the following nonmajor proprietary funds:

The City reports the following nonmajor proprietary funds:

The *League City ballpark fund* is used to account for the operations of the Ballpark at League City, a multi-purpose sports and events facility. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The league city ballpark fund is considered a nonmajor enterprise fund for reporting purposes.

Internal service funds account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The City's internal service funds are used to account for motor pool services and the capital replacement of vehicles and equipment for the City's fleet, which are financed from systematic transfers from general governmental and enterprise funds, and to account for premiums paid on a group health insurance plan, which provides coverage for City employees.

The City reports the following fiduciary funds:

The *Retiree Health OPEB Trust fund* is used to account for the activities of the City's Retiree Medical Program (the "Program"), a fiduciary component unit of the City.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

City of League City, Texas

Notes to the Basic Financial Statements

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and equity in pooled cash." For cash management purposes, the City has a sweep arrangement with the bank to transfer cash balances to a money market mutual fund account each day. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

City of League City, Texas

Notes to the Basic Financial Statements

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest-earning contracts, such as certificates of deposit, are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Obligations of the State or its agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

3. Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the water and wastewater fund are recognized at the end of each fiscal year on a pro rata basis, based on billings during the month following the close of the fiscal year.

4. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the water and wastewater fund are restricted for customer deposits, bond covenants for repayment of debt service and to finance capital projects.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

City of League City, Texas

Notes to the Basic Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Buildings and improvements	30 years
Equipment	5 years
Heavy equipment	20 years
Water rights	50 years
Water and sewer system	50 years
Infrastructure	50 years
Right-to-use lease	Shorter of lease term or useful life

7. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Vacation accrual rates for all eligible employees hired after August 1, 2015, varies from 10-20 days per year (10-38 days for eligible employees hired before August 1, 2015) depending on employee classification and length of service. Unused vacation accumulated, up to certain amounts, may be paid to employees upon termination of employment. Vacation leave accruals in excess of two years' accrual will be forfeited at the end of the calendar year. Maximum vacation carryover hours are provided as follows:

Maximum Vacation Leave Accrual - Hired After August 1, 2015			
Length of Service (Years)	Non Civil Service	Civil Service	Emergency Medical Service
1-4 years	160 hours	240 hours	200 hours
5-9 years	240 hours	240 hours	300 hours
Over 10 years	320 hours	320 hours	320 hours

Maximum Vacation Leave Accrual - Hired Before August 1, 2015			
Length of Service (Years)	Non Civil Service	Civil Service	Emergency Medical Service
1-4 years	160 hours	240 hours	200 hours
5-9 years	240 hours	240 hours	300 hours
10-14 years	320 hours	320 hours	400 hours
15-19 years	400 hours	400 hours	500 hours
Over 20 years	480 hours	480 hours	600 hours

City of League City, Texas

Notes to the Basic Financial Statements

Regular full-time non-Civil Service employees will accrue sick leave at the rate of four hours per pay period for 24 pay periods per year which equates to 12 days per year. Non-Civil Service employees with ten years of completed service will, upon separation of employment, receive the cash value of accrued sick leave, up to a cap of 360 hours. Employees employed prior to August 1, 2015, who officially retire from City employment, will receive the cash value of accrued sick leave, up to a cap of 720 hours. Civil Service employees will accrue sick leave at the rate of five hours per pay period for 24 pay periods per year which equates to 15 days per year and will be paid sick leave up to a maximum of 720 hours upon separation.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

9. Leases

Lessee

The City is a lessee for noncancellable leases for land. The City recognizes a lease liability, reported with long-term debt, and an intangible right-to-use lease asset (lease asset), reported with other capital assets. The City recognizes lease liabilities with an initial, individual value of at least \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

City of League City, Texas

Notes to the Basic Financial Statements

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor

The City is a lessor for noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of League City, Texas

Notes to the Basic Financial Statements

10. Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a liability (the "subscription liability") and an intangible, right-to-use subscription asset (the "subscription asset") for governmental and business-type activities. The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

The City's SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

11. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Other Postemployment Benefits

The City offers two OPEB plans, a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by TMRS and a single-employer defined benefit OPEB plan, known as the Retiree Medical Program (the "Program") administered by the City. Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to total OPEB liability, and total OPEB expense have been determined on the same basis as they are reported by the SDBF and the Program. For this purpose, the SDBF and the Program recognize benefit payments when due and payable in accordance with the benefit terms.

13. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

City of League City, Texas

Notes to the Basic Financial Statements

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/total OPEB liability during the measurement period in which the contributions were made.
- A deferred charge/gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows related to leases are amortized over the terms of the leases.

At the fund level, the City has several items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, court fines and warrants, grants and interlocal reimbursements. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

15. Net Position Policies

Net position within the government-wide and proprietary fund financial statements is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City classifies net position as follows:

Net investment in capital assets – the component of net position that reports capital assets, net of accumulated depreciation and amortization, and net of related debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted - the component of net position that is constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.

Unrestricted - the component of net position that includes the residual difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources that is not classified in the categories mentioned above.

16. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

City of League City, Texas

Notes to the Basic Financial Statements

17. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City classifies governmental fund balances as follows:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes prepaid items and inventories, when applicable.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or grantors, or amounts restricted due to constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by action or adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by City Council action, or the ordinance remains in place until a similar action is taken (the action or adoption of another ordinance) to remove or revise the limitation.

Assigned – includes fund balance amounts that are self-imposed by the City to be used for specific purposes, but do not meet the criteria to be classified as non-spendable, restricted or committed. City Council has, by policy, authorized the City Manager or his/her designee to assign fund balance. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above-mentioned categories. The general fund should be the only fund that reports a positive unassigned fund balance. Unassigned fund balance may also include deficit balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City has adopted a policy to maintain a minimum fund balance assigned for operating reserves in the general fund of 110 days of the current year operating expenditures.

18. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

City of League City, Texas

Notes to the Basic Financial Statements

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the County Appraisal District as of January 1 of each year. Prior to October 1 of each year, the City must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes are levied on October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. The water and wastewater fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service funds include the cost of personnel services, material, supplies and contracted services, utilities, repairs and maintenance, other operating expenses, self-insurance claims and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

G. Implementation of New Accounting Standards

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the City's fiscal year 2025 financial statements with an adjustment of \$880,480 to governmental activities and \$136,247 to business-type activities net position as of October 1, 2024, to reflect the changes adopted to conform to the new standard. See Note 15 for additional details.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the City's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

City of League City, Texas

Notes to the Basic Financial Statements

H. Upcoming Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* (GASB 105), improves financial reporting related to subsequent events by 1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events and 2) specifies the information items that are required to be disclosed about subsequent events. The requirements of this statement are effective for reporting periods beginning after June 15, 2026, with earlier application encouraged. GASB 105 will be implemented in the City's fiscal year 2027 financial statements and the impact has not yet been determined.

Note 2. Stewardship, Compliance, and Accountability

The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget, as defined by the charter, is at the department level for all funds. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2025.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and the following special revenue funds:

- Police activity fund
- Municipal court building security fund
- Municipal court technology fund
- Library gift fund
- Hotel occupancy tax fund
- Tree preservation fund
- Animal control donation fund
- Public access channel fund
- 4B Park maintenance and operations fund
- Public safety technology fund
- Technology fund
- EMS/Fire donation fund

Annual budgets are not adopted for capital projects funds and the remaining special revenue funds, which adopt project length budgets.

City of League City, Texas

Notes to the Basic Financial Statements

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year end) are completed. Such encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. Encumbrance accounting is not utilized by the City.

Note 3. Deposits and Investments

Cash Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Collateral Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the City's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Custodial Credit Risk - Cash Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2025, the City's bank balances were not exposed to custodial credit risk because they were fully insured and collateralized.

Cash, Cash Equivalents and Investments

As of September 30, 2025, the City had the following cash, cash equivalents and investments:

Investment Type	Primary Government	4B Industrial Development Corporation	Fair Value	Weighted Average Maturity (Years)	Credit Risk Rating S&P
			Significant Other Observable Inputs (Level 2)		
Investments measured at fair value:					
U.S. Government Agency Bonds/Notes	\$ 85,639,435	\$ 4,526,570	\$ 90,166,005	0.77	Aaa-Aa1
U.S. Treasury Bonds/Notes	65,696,493	4,973,157	70,669,650	2.13	Aa1
Total investments, including restricted	\$ 151,335,928	\$ 9,499,727	\$ 160,835,655		
Portfolio weighted average maturity				1.36	
Cash equivalents measured at amortized cost or net asset value:					
External investment pools:					
TexPool	\$ 18,978,121	\$ 2,336,745			AAAm
TexSTAR	5,555,004	-			AAAm
TexasCLASS	3,962,601	-			AAAm
Lone Star	3,699,985	-			AAAm
Cash deposits and on hand	22,265,969	9,871			
Total cash and cash equivalents, including restricted	\$ 54,461,680	\$ 2,346,616			

City of League City, Texas

Notes to the Basic Financial Statements

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

U.S. government agency and treasury bonds and notes are classified in Level Two of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City monitors interest rate risk utilizing weighted average maturity analysis and specific identification. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities. During the year ended September 30, 2025, the City did not invest in any securities which were highly sensitive to interest rate fluctuations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's policy requires that investment pools must be rated no lower than "AAA" or "AAAm". The minimum rating required by the Public Funds Investment Act for local government investment pools is AAA or AAAM. Obligations of federal, state or local government securities and must be rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. During the year ended September 30, 2025, the City was not significantly exposed to credit risk, and its investment pools, and U.S. agency and treasury bonds met the minimum required rating as noted in the preceding table.

Concentration of Credit Risk

The investment policy of the City requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

City of League City, Texas

Notes to the Basic Financial Statements

Custodial Credit Risk – Investments

For an investment, this is the risk that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

Local Government Investment Pools

Local government investment pools are considered cash equivalents and are measured at either amortized cost or net asset value (NAV), depending on the valuation policies of the underlying portfolio.

TexPool

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

The investment pool transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Texas Short Term Asset Reserve Program (TexSTAR)

TexSTAR is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management.

The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, and yield. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share. TexSTAR may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; and SEC-registered no-load money-market fund which meet the requirements of the Public Funds Investment Act. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

City of League City, Texas

Notes to the Basic Financial Statements

Texas Cooperative Liquid Asset Securities System Trust (Texas CLASS)

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

Lone Star

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Mellon Investments Corporation and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The objective of the Lone Star Government Overnight Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. The fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 60 days or fewer. The fund may invest in obligations of the U.S. or its agencies and instrumentalities; other obligations guaranteed or insured by the U.S. or its agencies and instrumentalities; fully collateralized repurchase agreements having a defined termination date and secured by obligations of the U.S. or its agencies and instrumentalities; reverse repurchase agreements authorized under the Public Funds Investment Act; and SEC-regulated no-load money market mutual funds.

City of League City, Texas

Notes to the Basic Financial Statements

Note 4. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general fund, the debt service fund, the nonmajor governmental funds in the aggregate, the enterprise funds, and the internal service funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds	
Property taxes	\$ 1,373,879	\$ 459,366	\$ 1,102	\$ 1,834,347	
Sales and other taxes	6,540,367	-	1,111,755	7,652,122	
Accounts	11,552,229	-	1,533,746	13,085,975	
Interest	159,236	14,052	244,384	417,672	
Intergovernmental	228,419	-	663,659	892,078	
Other	206,512	-	1,240,455	1,446,967	
Less: allowance	(7,696,566)	(171,259)	(20,597)	(7,888,422)	
Totals	\$ 12,364,076	\$ 302,159	\$ 4,774,504	\$ 17,440,739	
	Water and Wastewater Fund	League City Ballpark Fund	Total Enterprise Funds	Internal Service Fund	4B Industrial Development Corporation
Sales and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 819,855
Accounts	10,368,528	5,500	10,374,028	8,591	-
Interest	126,127	27,971	154,098	54,471	90,839
Other	-	-	-	160,675	-
Less: allowance	(713,788)	-	(713,788)	(6,349)	-
Totals	\$ 9,780,867	\$ 33,471	\$ 9,814,338	\$ 217,388	\$ 910,694

City of League City, Texas

Notes to the Basic Financial Statements

Leases Receivable

The City has entered into several lease agreements (the "Agreements") as a lessor for the use of their towers and land located throughout the City with the lessee monitoring communication signals on the towers. The City has also entered into lease agreements for the use of their recreational athletic facility. The Agreements range from 180 to 600 months after extension options in which it is reasonably certain that these options will be exercised. As of September 30, 2025, the value of the leases receivable is \$1,081,646 for governmental activities and \$1,713,598 for business-type activities. The interest rate on the leases receivable is based on the City's incremental borrowing rate for the terms of the agreements and ranges from 0.26% to 2.40%. The lease revenue that was recorded with charges for services for fiscal year 2025 was \$85,106 for governmental activities and \$149,512 for business-type activities, which includes lease interest and amounts that were amortized for deferred inflows of resources for leases in the current year. The remaining principal and interest payments from the Agreements are as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 42,673	\$ 22,721	\$ 65,394	\$ 146,916	\$ 16,649	\$ 163,565
2027	45,512	21,843	67,355	153,646	14,827	168,473
2028	48,470	20,906	69,376	160,583	12,943	173,526
2029	51,548	19,908	71,456	167,821	10,912	178,733
2030	54,754	18,846	73,600	175,282	8,813	184,095
2031-2035	323,297	75,919	399,216	649,406	16,612	666,018
2036-2040	215,680	44,103	259,783	259,944	1,680	261,624
2041-2045	64,338	33,114	97,452	-	-	-
2046-2050	88,708	24,266	112,974	-	-	-
2051-2055	118,739	12,229	130,968	-	-	-
2056-2057	27,927	671	28,598	-	-	-
Total	<u>\$ 1,081,646</u>	<u>\$ 294,526</u>	<u>\$ 1,376,172</u>	<u>\$ 1,713,598</u>	<u>\$ 82,436</u>	<u>\$ 1,796,034</u>

City of League City, Texas
Notes to the Basic Financial Statements

Note 5. Capital Assets

A summary of changes in capital assets for governmental activities for the year ended September 30, 2025, is as follows:

	Governmental Activities				Ending Balance
	Beginning Balance	Increases	Decreases	Reclass and Transfers	
Governmental activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 24,987,780	\$ -	\$ -	\$ 569,636	\$ 25,557,416
Construction in progress	68,638,361	27,236,535	-	(30,543,388)	65,331,508
Total capital assets, not being depreciated or amortized	93,626,141	27,236,535	-	(29,973,752)	90,888,924
Capital assets, being depreciated or amortized:					
Infrastructure	604,869,120	43,431,672	-	29,911,612	678,212,404
Buildings and improvements	96,850,612	-	-	-	96,850,612
Machinery and equipment	57,967,869	5,056,188	(2,197,745)	62,140	60,888,452
Right-to-use lease - land	139,666	-	-	-	139,666
Total capital assets, being depreciated or amortized	759,827,267	48,487,860	(2,197,745)	29,973,752	836,091,134
Less accumulated depreciation and amortization for:					
Infrastructure	(227,929,912)	(11,341,424)	-	-	(239,271,336)
Buildings and improvements	(44,112,643)	(2,144,672)	-	-	(46,257,315)
Machinery and equipment	(38,754,410)	(3,947,696)	2,120,191	-	(40,581,915)
Right-to-use lease - land	(44,106)	(14,700)	-	-	(58,806)
Total accumulated depreciation and amortization	(310,841,071)	(17,448,492)	2,120,191	-	(326,169,372)
Total depreciable capital assets, net	448,986,196	31,039,368	(77,554)	29,973,752	509,921,762
Governmental activities capital assets, net	\$ 542,612,337	\$ 58,275,903	\$ (77,554)	\$ -	\$ 600,810,686

Depreciation and amortization was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 1,866,801
Public safety	2,753,749
Public works	10,918,328
Community services	1,909,614
Total governmental activities depreciation/amortization expense	\$ 17,448,492

City of League City, Texas
Notes to the Basic Financial Statements

A summary of changes in capital assets for business-type activities for the year ended September 30, 2025, is as follows:

	Business-Type Activities				Ending Balance
	Beginning Balance	Increases	Decreases	Reclass and Transfers	
Business-type activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 4,148,769	\$ -	\$ -	\$ 107,883	\$ 4,256,652
Construction in progress	31,488,566	14,686,134	-	(17,997,752)	28,176,948
Total capital assets, not being depreciated or amortized	35,637,335	14,686,134	-	(17,889,869)	32,433,600
Capital assets, being depreciated or amortized:					
Infrastructure	474,611,996	14,028,153	-	17,889,869	506,530,018
Water rights	87,548,226	-	-	-	87,548,226
Building and improvements	590,953	-	-	59,282	650,235
Machinery and equipment	7,717,761	977,770	(16,984)	(59,282)	8,619,265
Total capital assets, being depreciated or amortized	570,468,936	15,005,923	(16,984)	17,889,869	603,347,744
Less accumulated depreciation and amortization for:					
Infrastructure	(112,463,465)	(9,833,046)	-	-	(122,296,511)
Water rights	(10,867,701)	(3,695,517)	-	-	(14,563,218)
Building and improvements	(494,748)	(9,205)	-	-	(503,953)
Machinery and equipment	(7,085,199)	(225,926)	13,066	-	(7,298,059)
Total accumulated depreciation / amortization	(130,911,113)	(13,763,694)	13,066	-	(144,661,741)
Total depreciable capital assets, net	439,557,823	1,242,229	(3,918)	17,889,869	458,686,003
Business-type activities capital assets, net	\$ 475,195,158	\$ 15,928,363	\$ (3,918)	\$ -	\$ 491,119,603

Depreciation and amortization was charged to business-type activities as follows:

Business-type activities:	
Water and wastewater fund	\$ 13,679,496
League City ballpark fund	84,198
Total business-type activities depreciation/amortization expense	\$ 13,763,694

Note 6. Long-Term Debt

Changes in Long-Term Liabilities

The City’s long-term liabilities consist of bond indebtedness, contractual obligations, leases payable, compensated absences, self insurance claims, net pension liability and net OPEB liability.

Certificates of obligation and general obligation bonds are issued to acquire and construct major capital facilities or to legally defease previously issued bonded debt. The debt service requirements for the certificates and general obligation bonds are paid through the Debt Service Fund from tax revenues and reserves from the Water and Wastewater Fund. Contractual obligations are accounted for and serviced through the Water and Wastewater Fund. Self insured claims are accounted for and serviced in the Internal Service Fund. Other long-term liabilities are typically liquidated by the General Fund (Governmental Activities) and the Enterprise Funds (Business-Type Activities).

City of League City, Texas

Notes to the Basic Financial Statements

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2025.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable					
General obligation bonds	\$ 111,466,603	\$ -	\$ (8,841,603)	\$ 102,625,000	\$ 8,495,000
Certificates of obligation	21,485,000	-	(1,635,000)	19,850,000	1,675,000
Unamortized premiums	14,189,532	-	(1,445,109)	12,744,423	-
Bonds payable, net	147,141,135	-	(11,921,712)	135,219,423	10,170,000
Leases payable	94,493	-	(15,159)	79,334	15,390
Compensated absences*	8,396,276	435,577	-	8,831,853	4,984,760
Self insured health claims	720,652	10,591,552	(10,783,292)	528,912	528,912
Net pension liability	23,307,342	21,001,556	(24,891,853)	19,417,045	-
Net OPEB liability	7,726,162	1,070,418	(991,793)	7,804,787	42,935
Total governmental activities	\$ 187,386,060	\$ 33,099,103	\$ (48,603,809)	\$ 171,881,354	\$ 15,741,997
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 60,668,397	\$ -	\$ (7,253,397)	\$ 53,415,000	\$ 6,700,000
Certificates of obligation	73,920,000	-	(2,140,000)	71,780,000	2,545,000
Unamortized premiums	12,961,585	-	(1,580,969)	11,380,616	-
Bonds payable, net	147,549,982	-	(10,974,366)	136,575,616	9,245,000
Contractual obligations	20,866,714	-	(600,263)	20,266,451	625,796
Compensated absences*	1,000,182	37,125	-	1,037,307	610,195
Net pension liability	5,311,693	4,038,010	(5,507,231)	3,842,472	-
Net OPEB liability	1,760,776	173,423	(389,697)	1,544,502	-
Total business-type activities	\$ 176,489,347	\$ 4,248,558	\$ (17,471,557)	\$ 163,266,348	\$ 10,480,991

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, Paragraph 30.

Compensated absences was restated as of October 1, 2024, to conform with adoption of GASB Statement 101, *Compensated Absences*. See Note 15.

City of League City, Texas

Notes to the Basic Financial Statements

Bonds Payable and Contractual Obligations

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities (streets, drainage, public safety, water, and wastewater) and equipment for general government and enterprise fund activities. These instruments include general obligation bonds, certificates of obligation, and contractual obligations. Future ad valorem tax revenues and water and sewer system revenues secure these debt obligations.

The Gulf Coast Water Authority (GCWA) issued Revenue Bonds to improvement and expand the capacity of transmission lines and water treatment plants (City of League City Project – Southeast Transmission Line, City of League City Project - South Transmission System, City of League City – Thomas S. Mackey Water Treatment Plant Expansion) which help ensure the transmission capacity to supply the future water needs of the City. The City executed contracts with GCWA under which the City is required to make monthly principal and interest payments to the GCWA until the debt obligation is satisfied.

A summary of the terms of general obligation bonds, certificates of obligation and contractual obligations as of fiscal year end follows:

Series	Original Issue	Final Maturity	Interest Rate	Balance
Governmental activities:				
General obligation bonds:				
2011A General obligation refunding bonds	\$ 6,975,000	2028	2.00% to 5.00%	\$ 510,000
2013 General obligation refunding bonds	13,819,988	2033	2.00% to 4.00%	2,150,000
2016 General obligation refunding bonds	12,900,000	2029	3.00% to 5.00%	5,110,000
2016A General obligation refunding bonds	2,835,000	2030	2.00% to 5.00%	1,455,000
2019 General obligation refunding* and improvement bonds	28,770,000	2039	3.75% to 5.00%	19,980,000
2020 General obligation improvement bonds	27,125,000	2040	2.00% to 4.00%	22,000,000
2020 General obligation refunding bonds	22,610,312	2033	3.00% to 5.00%	13,750,000
2021 General obligation improvement bonds	22,455,000	2041	3.00% to 5.00%	19,325,000
2023 General obligation improvement bonds	19,550,000	2043	4.00% to 5.00%	18,325,000
Direct placement:				
2013A general obligation refunding bonds*	2,190,000	2026	2.21%	20,000
Total general obligation bonds				102,625,000
Certificates of obligation:				
2015 Tax and revenue certificates of obligation	3,020,000	2035	3.00% to 5.00%	1,805,000
2016 Tax and revenue certificates of obligation	8,970,000	2036	2.13% to 5.00%	5,805,000
2017 Tax and revenue certificates of obligation	8,730,000	2037	3.00% to 5.00%	5,005,000
2018 Tax and revenue certificates of obligation	11,165,000	2038	3.13% to 5.00%	7,235,000
Total certificates of obligation				19,850,000
Total governmental activities bonds payable				\$ 122,475,000

* This general obligation debt is supported by a general property tax pledge; however, the repayment of all or a portion of this general obligation debt is expected to be paid from revenues other than ad valorem tax revenues, including payments from TIRZs and payments from the 4B Industrial Development Corporation. Those payments may not be legally pledged to the obligations to which their payments are expected to be dedicated, but are contractually obligated to be paid to the City for that purpose.

City of League City, Texas
Notes to the Basic Financial Statements

Series	Original Issue	Final Maturity	Interest Rate	Balance
Business-type activities:				
General obligation bonds:				
2011A General obligation refunding bonds	\$ 4,705,000	2028	2.00% to 5.00%	\$ 710,000
2015 General obligation refunding bonds	17,605,000	2028	2.00% to 5.00%	4,645,000
2016 General obligation refunding bonds	16,355,000	2030	3.00% to 5.00%	8,520,000
2016A General obligation refunding bonds	12,155,000	2034	2.00% to 5.00%	8,740,000
2019 General obligation refunding* and improvement bonds	6,845,000	2031	3.00% to 5.00%	3,950,000
2020 General obligation refunding bonds	13,719,688	2032	3.00% to 5.00%	7,400,000
2021 General obligation refunding bonds	24,185,000	2031	3.38% to 5.00%	<u>19,450,000</u>
Total general obligation bonds				53,415,000
Certificates of obligation:				
2015 Tax and revenue certificates of obligation	14,425,000	2035	3.00% to 5.00%	8,650,000
2016 Tax and revenue certificates of obligation	3,645,000	2036	2.13% to 5.00%	2,360,000
2017 Tax and revenue certificates of obligation	7,905,000	2037	3.00% to 5.00%	4,570,000
2021 Tax and revenue certificates of obligation	11,330,000	2041	3.00% to 5.00%	9,755,000
2024 Tax and revenue certificates of obligation	47,095,000	2054	4.25% to 6.00%	<u>46,445,000</u>
Total certificates of obligation				71,780,000
Contractual obligations:				
2021 GCWA Contractual obligations	5,985,000	2041	3.00% to 4.00%	5,115,834
2021 GCWA Contractual obligations	5,210,000	2042	3.50% to 6.00%	4,690,833
2023 GCWA Contractual obligations	1,761,254	2052	4.00% to 5.00%	1,682,349
2023A GCWA Contractual obligations	7,126,808	2052	4.00% to 5.00%	6,817,293
2023B GCWA Contractual obligations	2,039,330	2052	5.25% to 5.50%	<u>1,960,142</u>
Total contractual obligations				<u>20,266,451</u>
Total business-type activities bonds payable and contractual obligations				<u>\$ 145,461,451</u>

* This general obligation debt is supported by a general property tax pledge; however, the repayment of all or a portion of this general obligation debt is expected to be paid from surplus revenues of the water and sewer system. Water and sewer revenues are pledged to pay certificates of obligation on a subordinate basis, but it is the historic policy of the City to pay a portion of the listed general obligation refunding bonds from surplus revenues of the water and sewer system.

City of League City, Texas

Notes to the Basic Financial Statements

Debt Service Requirements

The annual debt service requirements to maturity for general obligation bonds, certificates of obligation and contractual obligations outstanding at September 30, 2025, are as follows:

Fiscal Year Ending September 30,	General Obligation Bonds					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 8,495,000	\$ 3,658,349	\$ 12,153,349	\$ 6,700,000	\$ 2,013,597	\$ 8,713,597
2027	8,420,000	3,272,644	11,692,644	7,050,000	1,690,731	8,740,731
2028	8,735,000	2,895,466	11,630,466	7,545,000	1,365,691	8,910,691
2029	8,865,000	2,503,444	11,368,444	7,860,000	1,012,138	8,872,138
2030	8,025,000	2,138,700	10,163,700	8,100,000	648,994	8,748,994
2031-2035	28,315,000	7,193,994	35,508,994	16,160,000	608,437	16,768,437
2036-2040	26,060,000	2,985,275	29,045,275	-	-	-
2041-2043	5,710,000	278,800	5,988,800	-	-	-
Totals	\$ 102,625,000	\$ 24,926,672	\$ 127,551,672	\$ 53,415,000	\$ 7,339,588	\$ 60,754,588

Fiscal Year Ending September 30,	Certificates of Obligation					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 1,675,000	\$ 669,029	\$ 2,344,029	\$ 2,545,000	\$ 3,062,511	\$ 5,607,511
2027	1,715,000	587,429	2,302,429	2,645,000	2,940,736	5,585,736
2028	1,755,000	516,369	2,271,369	2,405,000	2,825,593	5,230,593
2029	1,780,000	455,998	2,235,998	2,505,000	2,716,549	5,221,549
2030	1,805,000	396,110	2,201,110	2,715,000	2,598,989	5,313,989
2031-2035	8,390,000	1,149,144	9,539,144	16,145,000	11,086,906	27,231,906
2036-2040	2,730,000	119,384	2,849,384	11,550,000	8,188,910	19,738,910
2041-2045	-	-	-	9,495,000	5,848,865	15,343,865
2046-2050	-	-	-	11,060,000	3,500,226	14,560,226
2051-2054	-	-	-	10,715,000	934,895	11,649,895
Totals	\$ 19,850,000	\$ 3,893,463	\$ 23,743,463	\$ 71,780,000	\$ 43,704,180	\$ 115,484,180

Fiscal Year Ending September 30,	Contractual Obligations		
	Business-type Activities		
	Principal	Interest	Total
2026	\$ 625,796	\$ 876,710	\$ 1,502,506
2027	654,851	846,166	1,501,017
2028	684,771	815,513	1,500,284
2029	720,902	781,768	1,502,670
2030	756,561	746,553	1,503,114
2031-2035	4,342,943	3,171,201	7,514,144
2036-2040	5,288,186	2,231,384	7,519,570
2041-2045	3,242,810	1,277,149	4,519,959
2046-2050	2,765,845	671,230	3,437,075
2051-2052	1,183,786	80,389	1,264,175
Totals	\$ 20,266,451	\$ 11,498,063	\$ 31,764,514

City of League City, Texas

Notes to the Basic Financial Statements

Prior Defeased Debt

In prior years, the City legally defeased certain bonds and certificates of obligation by placing cash and/or proceeds of refunding bond issues in an irrevocable trust to provide for all future debt services payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2025, there were no outstanding balances of defeased bonds.

Authorized But Unissued Bonds

As of September 30, 2025, the City has \$48,700,000 of authorized but unissued general obligation bonds remaining from previous bond elections.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the IRS rules and regulations. The City did not report arbitrage liability as of September 30, 2025.

Leases Payable

The City has entered into lease agreements as lessee for the use of land. As of September 30, 2025, the outstanding lease liability was \$79,334. The City is required to make monthly payments and the interest rates are based on the incremental borrowing rate of 1.53%. In addition, the City's right-to-use lease assets will be amortized using a straight-line basis over the remaining term of the leases. The value of the right-to-use assets as of the end of the current fiscal year was \$139,666 and had accumulated amortization of \$58,806.

The future principal and interest payments as of September 30, 2025 are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 15,390	\$ 1,210	\$ 16,600
2027	15,625	975	16,600
2028	15,863	737	16,600
2029	16,105	495	16,600
2030	16,351	249	16,600
Totals	\$ 79,334	\$ 3,666	\$ 83,000

City of League City, Texas

Notes to the Basic Financial Statements

Note 7. Interfund Transactions

Interfund Receivables and Payables

The composition of interfund balances as of year-end were as follows:

Due to	Due from	Amounts
General fund	Nonmajor governmental funds	\$ 803,166
Total		\$ 803,166

Outstanding balances between funds result primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts may also include balances of working capital loans made to other funds, which the general fund expects to collect in the subsequent year.

Interfund Transfers

Transfers between the governmental and proprietary funds during the year were as follows:

Transfers In	Transfers Out			Total
	Governmental Funds		Proprietary Fund	
	General Fund	Nonmajor Governmental Funds	Water and Wastewater Fund	
General fund	\$ -	\$ 102,687	\$ 5,247,448	\$ 5,350,135
Debt service fund	-	6,000,000	-	6,000,000
Nonmajor governmental funds	7,000,000	-	-	7,000,000
Total	\$ 7,000,000	\$ 6,102,687	\$ 5,247,448	\$ 18,350,135

The general fund made transfers to nonmajor governmental funds to provide additional resources for various capital improvements. Transfers from nonmajor governmental funds to the debt service fund are for debt service contributions from the sales tax capital projects fund. Transfers from the nonmajor governmental funds and water and wastewater fund to the general fund are for annual subsidy payments.

City of League City, Texas

Notes to the Basic Financial Statements

Note 8. Commitments and Contingencies

A. Risk Management

Property Damage / General Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years. In addition, the City purchased windstorm insurance from highly rated private carriers to cover City property for that specific loss.

Workers' Compensation

The City participates in the Texas Municipal League's Intergovernmental Risk Pool (the Pool) for workers' compensation. In accordance with an interlocal agreement, the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums and claims above the City's deductibles. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Construction Commitments

The city has active construction projects as of September 30, 2025. A majority of these projects are for drainage improvements, street improvements, and improvements to the water and wastewater systems.

City of League City, Texas

Notes to the Basic Financial Statements

Construction in progress and remaining commitments under related construction contracts for governmental activities construction projects at year end were as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Governmental activities:			
Bay Ridge Flood Reduction Phase 4	\$ 5,631,948	\$ 1,026,652	\$ 4,605,296
The Meadows Subdivision Drainage Improvements	2,438,749	2,256,516	182,233
Magnolia Creek & Cedar Gully Channel Improvements	1,400,300	1,188,800	211,500
Clear Creek Tributaries	1,007,142	934,052	73,090
Countryside Subdivision Drainage Improvements	78,205	72,731	5,474
Bayridge Subdivision Phase 1	1,420,928	926,090	494,838
Bay Ridge Flood Reduction Phase 1	9,444,781	9,433,739	11,042
Benson Bayou & Mitigation Pond	444,735	187,811	256,924
Hurricane Harvey Drainage Project - FEMA (Gauge)	1,048,387	789,010	259,377
Hurricane Harvey Drainage Project - FEMA (Magnolia Creek)	197,903	171,647	26,256
FM 518 & Wesley Drive Drainage Improvements	461,783	461,633	150
Oaks of Clear Creek Northwest Detention Pond	1,748,902	1,652,232	96,670
Hughes Ln- W. Deats Rd Culvert Modification	432,131	330,155	101,976
Historic District Drainage Improvements	2,132,004	1,238,005	893,999
Targeted Homeowner Buyout	201,350	57,190	144,160
CDBG-MIT Admin Costs	754,730	440,680	314,050
Clear Creek and Dickinson Bayou	523,980	244,940	279,040
FM 518 & Wesley Drive Drainage Improvements, Phase 2	463,306	261,981	201,325
Master Drainage Plan Update	723,405	375,295	348,110
Master Drainage Plan Update for the Historic District	355,735	273,051	82,684
Drainage Improvements within the Interurban Watershed	746,407	277,980	468,427
Robinson Bayou Watershed Drainage Study	148,410	109,533	38,877
Main Street/Downtown	7,202,913	7,178,810	24,103
League City Development District	761,959	744,677	17,282
Generators for City Facilities	617,364	538,999	78,365
Fire Station 7	24,400	23,492	908
Hike & Bike Trails Way- Signage, Phase 2	255,801	84,270	171,531
FM270 Boat Ramp	227,690	194,306	33,384
Bayridge Park Parking Lot	164,498	143,945	20,553
Kansas Ave Kayak Launch Sites	182,654	143,562	39,092
Nature Center Kayak Launch Site	1,339,976	954,730	385,246
Pat Hallisey Park	4,039,639	3,470,232	569,407
Memorial at Pat Hallisey Park	31,000	28,606	2,394
Kilgore Davis Tract Parkland	464,867	60,425	404,442
Lobit Park	896,311	506,593	389,718
Heritage Signature Trail	198,095	23,059	175,036
Newport Park Redevelopment	113,661	89,351	24,310
5K Loop Parking Access	159,000	34,400	124,600
Grissom Reconstruction	8,288,841	8,287,165	1,676
FM 518 Park Ave Rebuild Signal	92,133	80,780	11,353
RE1704F - Material Asphalt - Street Crew	457,908	432,369	25,539
Asphalt Street Rehab	207,425	158,085	49,340
Phase 2 - Reconstruction of Turner and Butler	7,434,773	3,058,509	4,376,264
Monument Entry Signage	8,000	7,500	500
Clear Creek Ave Reconstruction	80,607	66,384	14,223
Walker St Corridor Upgrades (TIRZ 2)	5,142,475	4,455,430	687,045
League City Parkway at Walker Intersection Improvements	659,476	607,332	52,144
North Landing Extension	30,208,765	30,007,898	200,867
SH3 at LCP Intersection	1,740,450	1,726,610	13,840
SH3 and FM518 Intersection Improvements	3,112,139	3,032,536	79,603
LCP Right Turn Lane Calder to Butler	1,841,780	794,301	1,047,479
Hobbs Road Extension to FM 517	773,660	602,967	170,693
TxDOT Soundwall	65,275	64,719	556
ST2206D FM646 to Edmunds Way	247,228	204,859	42,369
FM 2094 at Enterprise, Lakeside, & Twin Oaks Intersection Study	29,964	27,935	2,029
Maple Leaf and League City Parkway	179,750	138,400	41,350
18 School Flasher Assemblies	168,156	141,426	26,730
FM 518 at Bay Area Blvd Intersection Improvements	149,170	66,362	82,808
SH96 at Columbia Memorial PKWY & SH96 at FM270 Intersection Improvements	256,000	81,000	175,000
Traffic Signal Timing	474,680	461,906	12,774
League City Parkway Corridor Signalization	2,032,889	2,032,739	150
Total governmental activities	\$ 112,136,593	\$ 93,466,392	\$ 18,670,201

City of League City, Texas

Notes to the Basic Financial Statements

Construction in progress and remaining commitments under related construction contracts for business-type activities projects at year end were as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Business-type activities:			
36" WL from SH3 to SSH Booster Station	\$ 21,846,688	\$ 21,844,270	\$ 2,418
West Side Well & Booster Pump Station	1,098,298	637,598	460,700
SH3 1MG GST	88,027	53,996	34,031
South Shore & Brittany Bay	266,200	80,712	185,488
Meadowbend BPS, Walker ST Well BPS, 3rd St Well BPS	122,600	48,350	74,250
FM518 Waterline Upgrade - I45 to Landing Ditch	2,518,732	2,496,732	22,000
FM 518 WL Replacement - Landing to Palomino	211,465	195,505	15,960
FM518 WL Replacement (SH to FM270)	639,517	289,563	349,954
Mary Ln and Tallow Forest Service Area Connection	695,567	682,771	12,796
12-inch WL along FM 2092 from Davis Rd to Signature Point	213,995	27,250	186,745
Beacon Island_Harbor Island Back Feed 12-inch WL	203,584	35,500	168,084
New Well & BPS LC Pkwy	543,961	378,064	165,897
Transmission WL Assessment	246,372	213,538	32,834
Sewer System Evaluation	4,027,199	4,017,904	9,295
Davis Road - Crows Nest 15" Sanitary Sewer Replacement	55,264	22,225	33,039
Sanitary Sewer Annual Rehab- Manhole Rehab	92,500	32,130	60,370
E Main Lift Station Conversion	2,240,402	2,006,219	234,183
Landing Lift Station Improvements	180,380	81,266	99,114
Constellation Lift Station	119,500	59,599	59,901
DSWWTP Relift Pump Addition	822,271	623,210	199,061
DSWWTP Influent Wet Well Rehab	591,949	439,406	152,543
Belt Filter Press Rehab	395,700	306,700	89,000
4.0 MGD Expansion to SWWRF	6,791,505	6,274,736	516,769
Harbour Park 1 Lift Station Expansion to 3MGD	246,760	191,810	54,950
Re-Route 18-inch Bay Colony 14-15 FM to SWWRF	601,913	420,038	181,875
DSWWTP UV System Replacement	410,700	396,000	14,700
Total business-type activities	\$ 45,271,049	\$ 41,855,092	\$ 3,415,957

Note 9. Pension Plan

Plan Description

The City participates as one of 938 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

City of League City, Texas

Notes to the Basic Financial Statements

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the member (employee's) contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member's contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. A summary of plan provisions for the City is as follows:

	Plan Year 2025	Plan Year 2024
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	341
Inactive employees entitled to, but not yet receiving, benefits	437
Active employees	635
Total	1,413

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.94% and 15.09% in calendar years 2025 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2025 were \$7,814,440, which were equal to the required contributions.

City of League City, Texas

Notes to the Basic Financial Statements

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements.

For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018, to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighing the expected return for each major asset class by the respective target asset allocation percentage.

City of League City, Texas

Notes to the Basic Financial Statements

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	7.10%
Core fixed income	6.0%	5.00%
Non-core fixed income	6.0%	6.80%
Hedge funds	5.0%	6.40%
Private equity	13.0%	8.50%
Private debt	13.0%	8.20%
Real estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other private markets	4.0%	7.30%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2023	\$ 213,973,170	\$ 185,354,135	\$ 28,619,035
Changes for the year:			
Service cost	8,386,584	-	8,386,584
Interest	14,433,691	-	14,433,691
Difference between expected and actual experience	1,508,617	-	1,508,617
Contributions - employer	-	7,198,722	(7,198,722)
Contributions - employee	-	3,339,369	(3,339,369)
Net investment income	-	19,276,725	(19,276,725)
Benefit payments, including refunds of employee contributions	(8,668,019)	(8,668,019)	-
Administrative expense	-	(123,517)	123,517
Other changes	-	(2,889)	2,889
Net changes	15,660,873	21,020,391	(5,359,518)
Balance at December 31, 2024	\$ 229,634,043	\$ 206,374,526	\$ 23,259,517

City of League City, Texas

Notes to the Basic Financial Statements

Sensitivity of the Net Pension Liability

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$ 57,940,250	\$ 23,259,517	\$ (4,931,585)

Pension Plan Fiduciary Net Position

Detailed information about pension plan's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmr.com.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2025, the City recognized pension expense of \$8,519,717.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,869,686	\$ -
Changes in actuarial assumptions	-	553,774
Differences between projected and actual investment earnings	-	2,198,393
Contributions subsequent to the measurement date	6,105,613	-
Totals	\$ 8,975,299	\$ 2,752,167

\$6,105,613 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Pension Expense
2026	\$ 1,425,362
2027	2,694,568
2028	(2,649,354)
2029	(1,353,057)
Totals	\$ 117,519

City of League City, Texas

Notes to the Basic Financial Statements

Note 10. Other Postemployment Benefit Plans

The City recognized the following as of and for the fiscal year ended September 30, 2025, related to the City’s other postemployment benefit (OPEB) plans:

	OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
TMRS Supplemental Death Benefits Fund (SDBF)	\$ 1,476,726	\$ 137,847	\$ 442,463	\$ 65,949
Postemployment Healthcare Plan	7,872,563	827,502	4,626,848	207,178
Total	\$ 9,349,289	\$ 965,349	\$ 5,069,311	\$ 273,127

TMRS Supplemental Death Benefits Fund (SDBF)

Plan Description

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan administered by TMRS known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500.

Plan Membership

Participation in the SDBF as of December 31, 2024, is summarized below:

Inactive employees or beneficiaries currently receiving benefits	252
Inactive employees entitled to, but not yet receiving, benefits	98
Active employees	635
Total	985

City of League City, Texas

Notes to the Basic Financial Statements

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

The retiree portion of contribution rates to the SDBF for the City was 0.09% in calendar years 2025 and 2024. The City's contributions to the SDBF for the year ended September 30, 2025 were \$44,665, and were equal to the required contributions.

Total OPEB Liability

The City's total OPEB liability of \$1,476,726 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Assumptions

The total OPEB liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	4.08%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the pension trust and accounted for under reporting requirements of GASB Statement No. 68
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas mortality tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

The actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study for the period December 31, 2018 to December 31, 2022.

City of League City, Texas

Notes to the Basic Financial Statements

Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	\$ 1,470,900
Changes for the year:	
Service cost	76,328
Interest	56,082
Difference between expected and actual experience	(1,225)
Changes of assumptions	(82,424)
Benefit payments*	(42,935)
Net changes	5,826
Ending balance	\$ 1,476,726

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the City's yearly contributions for retirees.

The discount rate increased from 3.77% as of December 31, 2023, to 4.08% as of December 31, 2024. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City's total OPEB liability	\$ 1,767,297	\$ 1,476,726	\$ 1,250,094

City of League City, Texas

Notes to the Basic Financial Statements

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of \$65,949. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 45,273
Changes in actuarial assumptions	103,373	397,190
Contributions subsequent to the measurement date	<u>34,474</u>	<u>-</u>
Total	<u>\$ 137,847</u>	<u>\$ 442,463</u>

\$34,474 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	<u>OPEB Expense</u>
2026	\$ (99,456)
2027	(130,681)
2028	(93,177)
2029	(8,592)
2030	<u>(7,184)</u>
Totals	<u>\$ (339,090)</u>

Postemployment Healthcare Plan

Plan Description

The City administers a single-employer defined benefit OPEB plan (the "Program"). The Program offers medical and dental insurance benefits to eligible retirees and their spouses. Retiree medical coverage levels for retirees are the same as coverage provided to active City employees. Upon the death of the retiree, the spouse is eligible for coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

The Program has assets that are accumulated in a trust that meet the criteria in paragraph 4 of GASB 75. These assets are reported in the City's fiduciary fund financial statements as the Retiree Health OPEB Trust Fund. The Program does not issue separate stand-alone financial statements.

City of League City, Texas

Notes to the Basic Financial Statements

Benefits Provided

Retiree medical coverage includes one medical plan option, the mid-plan, which is the same mid-plan coverage provided to active City employees in accordance with the terms and conditions of the Program. Retirees may purchase retiree health care coverage for eligible spouses and dependents at their own expense. Surviving spouses and dependents of deceased retired members may continue retiree healthcare coverage for up to 36 months through COBRA. Retirees are eligible for dental and vision coverage at 100% of cost. Retirees are required to enroll in Medicare once eligible (age 65). The City does not provide Medicare supplement health benefits coverage after the date that the person becomes eligible for Medicare benefits.

Employees are eligible for TMRS retirement with five years of service and age 60 or with 20 years of service and any age. If an employee retires at age 60 or older, with 20 years of TMRS experience and the most recent five years with the City, the City currently will pay the retiree (not dependent) cost of continued coverage at 100% until the age 65. Employees eligible to retire under TMRS as a disability retiree, if they have worked with the City for a minimum of five years and have at least ten years of combined service with all municipalities, are eligible for a portion of their health insurance based on their age.

The following table provides a summary of the number of participants in the plan as of December 31, 2024:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to, but not yet receiving, benefits	-
Active employees	<u>571</u>
Total	<u><u>591</u></u>

Contributions

Contributions to the Program are not required by statute and are not actuarially or contractually determined. The City funds the Program on a pay-as-you go basis and any additional contributions to the Program trust fund are based on available funds budgeted by the City during its annual budget process. The City's additional contributions to the Program for the year ended September 30, 2025, were \$275,000.

Net OPEB Liability

The City's Net OPEB Liability (NOL) of \$7,872,563 was measured as of December 31, 2024, and the Total OPEB Liability (TOL) used to calculate the NOL was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024.

City of League City, Texas

Notes to the Basic Financial Statements

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023, actuarial valuation, rolled forward to December 31, 2024, was determined using the following actuarial assumptions and other inputs:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate	4.27%
Actuarial cost method	Individual entry-age
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2022 as conducted for the TMRS.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Healthcare trend rates	Initial rate of 7.10% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	0% for pre-50 retirees with any years of service; 25% for 50-64 years of age retirees with less than 20 years of service; 20% for 50-54 years of age retirees with more than 20 years of service; 45% for 55-59 years of age retirees with more than 20 years of service; 90% for eligible retirees that are at least 60 years old at retirement with more than 20 years of service.

The demographic assumptions are based on the assumptions that were developed for the defined benefit plan in which the City participates (TMRS). The assumptions are based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS). The demographic assumptions that are specific to OPEB are based on the plan's individual experience and are revisited during each full valuation. The healthcare trend assumption is based on the framework developed in the Society of Actuaries' Getzen Model.

Plan assets are managed by a 3rd party through the trust administrator, Public Agency Retirement Services, and the City can elect a variety of investment strategies to meet the needs of the Program. The target allocation for each major asset class in the City's current elected strategy is cash 0-20%, equity 5-20% and fixed income 60-95%.

Discount Rate

The expected rate of return on OPEB plan investments is 4.50%; the municipal bond rate is 4.08% (based on the daily rate closest to but not later than the measurement date of the Bond Buyer "20-Bond GO Index"); and the resulting single discount rate used to measure the total OPEB liability is 4.27%. The projection of cash flows used to determine the discount rate assumed that City's OPEB trust contributions would remain at \$275,000 each year. It was also assumed that the City would continue to pay benefit payments using its own assets. Based on those assumptions, the last year in the single discount rate projection period for which projected benefit payments are fully funded is 2044.

City of League City, Texas

Notes to the Basic Financial Statements

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning balance	\$ 8,016,038	\$ -	\$ 8,016,038
Changes for the year:			
Service cost	578,209	-	578,209
Interest	306,282	-	306,282
Difference between expected and actual experience	27,723	-	27,723
Contributions - employer	-	648,166	(648,166)
Net investment loss	-	(5,671)	5,671
Changes of assumptions	(413,194)	-	(413,194)
Benefit payments	(361,878)	(361,878)	-
Net changes	137,142	280,617	(143,475)
Ending balance	\$ 8,153,180	\$ 280,617	\$ 7,872,563

Change in assumption reflected a change in the discount rate from 3.77% as of December 31, 2023, to 4.27% as of December 31, 2024. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the net OPEB liability during the measurement period.

Sensitivity of Net OPEB Liability to the Discount Rate

Regarding the sensitivity of the Program's net OPEB liability, the following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (3.27%)	Discount Rate (4.27%)	1% Increase in Discount Rate (5.27%)
City's net OPEB liability	\$ 8,722,652	\$ 7,872,563	\$ 7,113,775

City of League City, Texas

Notes to the Basic Financial Statements

Sensitivity of Net OPEB Liability to the Healthcare Costs Trend Rate Assumption

Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, the following presents the Program's net OPEB liability, calculated using the assumed trend rates, as well as what the Program's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's net OPEB liability	\$ 6,924,239	\$ 7,872,563	\$ 8,995,714

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of \$207,178. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,377	\$ 1,568,179
Changes in actuarial assumptions	510,914	3,058,669
Differences between projected and actual investment earnings	9,690	-
Contributions subsequent to the measurement date	249,521	-
Total	\$ 827,502	\$ 4,626,848

\$249,521 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending September 30, 2026.

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	OPEB Expense
2026	\$ (706,211)
2027	(706,049)
2028	(614,377)
2029	(674,659)
2030	(728,281)
Thereafter	(619,290)
Totals	\$ (4,048,867)

City of League City, Texas

Notes to the Basic Financial Statements

Note 11. Healthcare Coverage

During 2016, the City began to provide employees with traditional prescription and health care insurance that covers hospitalization and major medical expenses within specified limits under a plan that is self-funded by the City and administered by a third-party administrator (the "Administrator"). The City pays the Administrator a monthly fixed fee for various claim administration services on a per enrolled employee basis.

The City pays all claims. The Administrator submits monthly check registers for all processed claims. The City issues payment to the Administrator who in turn issues individual claim checks. The City carries stop-loss insurance against catastrophic losses. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims. The premiums for these policies are billed monthly by the Administrator on a per enrolled employee basis. The claims liability reported in the fund at September 30, 2025, was estimated by the Administrators. It is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported. Costs relating to the plan are recorded in an internal service fund.

Changes in health claims for the years ended September 30, 2025 and 2024 are as follows:

	2025	2024
Health claim liability, beginning of year	\$ 720,652	\$ 696,875
Claims and changes in estimates	10,591,552	8,722,469
Claim payments	<u>(10,783,292)</u>	<u>(8,698,692)</u>
Health claim liability, end of year	<u>\$ 528,912</u>	<u>\$ 720,652</u>

Note 12. Contracts

Summaries of the City's significant contracts are as follows:

Municipal Utility Districts

The City has entered into utility agreements with several MUDs whose boundaries overlap the boundaries of the City. The MUDs construct water, sanitary sewer, and drainage facilities to serve the areas within the MUDs and issue bonds to finance such facilities. The MUDs release their security interests in the facilities to the City, and the City operates and maintains the systems.

Galveston County Water Control and Improvement District No. One

The City entered into an agreement dated March 10, 1983 with Galveston County Water Control and Improvement District No. One (the "District") providing for an inter-connect to be built between the City and the District by the Gulf Coast Water Authority (GCWA). The City agreed to buy one million gallons of water per day on a take-or-pay basis. Under a revised water supply agreement effective January 1, 1987, the annual volume of water to be paid for by the City on a take-or-pay basis was reduced to a minimum of 150,000 gallons per day, to be adjusted annually to an amount equal to the prior year's average usage, but not to exceed one million gallons per day. The cost to the City will vary depending on the cost to the District to fulfill its obligation. On December 8, 2009, the water supply agreement was revised to adjust the price and the obligation for delivery of water. GCWA shall sell and deliver 150,000 gallons per day of water with a maximum of 1,000,000 gallons per day provided GCWA has excess water available, or for emergency use only.

City of League City, Texas

Notes to the Basic Financial Statements

Gulf Coast Water Authority

The City and the GCWA approved the Fourth Amended and Restated Water Supply Contract (the "Water Supply Contract"), dated November 18, 2021. Pursuant to this Water Supply Contract, the GCWA issued its Contract Revenue Bonds (City of League City Project – Southeast Transmission Line), Series 2021 (the "Series 2021 Bonds") dated December 1, 2021, to fund (i) a portion of the cost of capacity in a larger diameter water transmission line (the "Southeast Transmission Line") in order to help ensure sufficient transmission capacity to supply the future water needs of the City from the City of Houston's (Houston) Southeast Water Purification Plant as it may be expanded from time to time, (ii) a debt service reserve fund (the "Reserve Fund"), and (iii) the costs of issuance of the Series 2021 Bonds. The Series 2021 Bonds are secured with pledged revenues, which consist primarily of certain fixed charge payments to be made by the City to the GCWA. The Water Supply contract unconditionally obligates the City to pay principal and interest of the Series 2021 Bonds and any other additional bonds which may be issued, fees and other charges associated with payment of principal and interest on the bonds as well as other costs as described in the Water Supply Contract. All payments required to be paid by the City to the GCWA under the Water Supply Contract are payable from revenue and income received by the City from the ownership and operation of its water and sewer system, but may also be made from other revenue sources, at the City's sole discretion. The GCWA pays the principal and interest on the bonds, and in turn, the GCWA bills the City monthly for amounts equal to the next debt service payment due.

In addition, the GCWA has entered into the Southeast Transmission Line Cost Sharing Agreement (the "SETL Cost Sharing Agreement") with the City of Houston and other participants (the "Participants") for the Southeast Transmission Line Project (the "SETL Project"). The City will pay the GCWA for costs incurred for the SETL Project in accordance with the SETL Cost Sharing Agreement. The GCWA will disburse funds to Houston for costs of design, construction, acquisition, equipment, and operation of the SETL project for the cost share allocated to the GCWA. The SETL Cost Sharing Agreement requires payment of the cost share in accordance with a series of cash calls. In order to receive the reserved capacity being acquired by the GCWA for the benefit of the City, the GCWA must deposit its proportionate cost share by the cash call due date. The current cost estimate of the cost share for the reserved capacity being required for the benefit of the City is approximately sixty million, which is subject to adjustment from time to time, to reflect changes in the project schedule or budget, including changes to address unforeseen conditions requiring additional funds, in accordance with the SETL Cost Sharing Agreement.

The GCWA entered into a Plant Cost Sharing Agreement (the "Plant Cost Sharing Agreement") with other participants (the "Participants") for the purpose of providing for the arrangements with Houston to provide surface water to the City through the GCWA. The City will pay its proportionate share of costs attributable to production, plus costs attributable to pumping and distribution, as well as acquire production capacity and/or pumping capacity in any expansion of the plant. Pursuant to the SETL Cost Sharing Agreement, Houston delivers 31.5 million gallons per day (MGD) of untreated surface water to the GCWA. The GCWA desires to obtain an additional 20 MGD of untreated surface water (the "Contract Quantity") from Houston for the benefit of the City. Houston and the GCWA entered into an Untreated Water Reservation Contract (the "Capacity Reservation Contract") of which the GCWA must pay a capacity reservation fee each year to secure the reservation of the Contract Quantity. After the SETL Project and the plant expansion are complete, the GCWA will pay Houston for the Contract Quantity as part of the GCWA's yearly operations and maintenance expense. The City further agrees to pay for the Contract Quantity under provisions of the Capacity Reservation Contract and the Plant Cost Sharing Agreement.

The City paid the Authority \$9.3 million during fiscal year 2025 for various costs related to these projects.

City of League City, Texas

Notes to the Basic Financial Statements

Note 13. Tax Abatements and Economic Incentives

The City will consider entering into economic development agreements to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales and hotel occupancy tax, and enhance the property tax base and economic vitality of the City. These programs may include tax abatement, property tax and/or sales tax rebates, incentive payments, and/or reductions in permits and fees. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code.

Recipients may be eligible to receive economic assistance based upon the number of jobs to be created and/or retained, economic impact, fiscal impact, and community impact of the proposed project. Recipients receiving assistance generally commit to creating and/or retaining jobs, building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, increasing the City's tax base, and/or bringing targeted businesses to the City. Agreements generally contain performance criteria which are required to be attained before the payment of any public tax dollars may be made. Furthermore, the same economic development agreements may contain recapture provisions that require repayment of public funds, or termination of the agreement, if the recipients do not meet the required provisions of the agreement.

The City has three categories of economic development agreements:

- Tax Abatements – Tax abatements under Chapter 312 of the Texas Code allow the City to designate tax reinvestment zones and negotiate tax abatements with applicants for both new facilities and structures and the expansion or modernization of existing facilities or structures. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. The City does not currently have any tax abatements; so property taxes abated under this program were \$0 in fiscal year 2025.
- General Economic Development – The City may consider entering into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may include rebates for a portion of the increased property taxes and/or sales tax received by the City, fee reductions such as utility charges or building inspection fees, and/or payments to offset the cost of targeted infrastructure, full-time primary jobs, full-time primary job training, site improvements, other related improvements, commercial land, commercial buildings, commercial equipment, commercial facilities, and/or other expenditures. For fiscal year 2025, the City rebated \$90,550 in property taxes and \$96,043 in sales taxes under these agreements.
- Tax Increment Financing – The City has adopted two Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City will consider entering into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 1. Additionally, the City may consider entering into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources.

City of League City, Texas

Notes to the Basic Financial Statements

Note 14. Deficit Balances

The City reported a deficit fund balance of \$34,793 in the CDBG Fund, a nonmajor governmental fund, as of September 30, 2025, due to a difference in the timing of recognition of expenditure and when the expenditure meets the eligibility criteria for reimbursement. This will be reimbursed through a grant award in a subsequent period.

The City reported a deficit unrestricted net position of \$134,497 in the League City Ballpark Fund, a nonmajor enterprise fund, as of September 30, 2025, due to its first full year of operation. The operations of the fund are intended to be self-sustaining in subsequent periods, and the City will provide operating transfers as deemed necessary.

Note 15. Adjustments to and Restatement of Beginning Balances

During fiscal year 2025, the following resulted in an adjustment to or restatement of beginning balances for the City:

- The City adopted GASB Statement No. 101, *Compensated Absences* (GASB 101), resulting in a remeasurement and restatement of the liability as of October 1, 2024;
- A governmental fund reported as a major fund in the prior year no longer meets major fund criteria in the current year, resulting in a change to or within the financial reporting entity.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Government Wide		Governmental Funds		Proprietary Funds	
	Governmental Activities	Business-Type Activities	General Obligation Improvement Bonds 2023 Fund	Nonmajor Governmental Funds	Water and Wastewater Fund	League City Ballpark Fund
Beginning balance (deficit), as previously reported	\$ 523,710,105	\$ 349,019,089	\$ 5,724,177	\$ 98,041,476	\$ 349,948,749	\$ (929,660)
Change in accounting principle - GASB 101	(880,480)	(136,247)	-	-	(131,389)	(4,858)
Change from major to nonmajor fund	-	-	(5,724,177)	5,724,177	-	-
Beginning balance (deficit), restated	<u>\$ 522,829,625</u>	<u>\$ 348,882,842</u>	<u>\$ -</u>	<u>\$ 103,765,653</u>	<u>\$ 349,817,360</u>	<u>\$ (934,518)</u>

Note 16. Subsequent Events

The City has evaluated subsequent events through March 16, 2026, the date which the financial statements were available to be issued, and did not identify any significant events or transactions that warranted recognition or additional disclosure.

**Required Supplementary Information
(Unaudited)**

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Ad valorem property tax	\$ 40,712,129	\$ 40,462,129	\$ 40,124,481	\$ (337,648)
Sales tax	31,079,200	31,079,200	29,658,318	(1,420,882)
Franchise fees	5,773,382	5,773,382	5,532,119	(241,263)
Other taxes	465,810	465,810	501,338	35,528
Licenses and permits	3,644,329	3,644,329	3,834,046	189,717
Fines and forfeitures	1,844,371	1,844,371	1,958,829	114,458
Charges for services	13,520,331	13,520,331	15,315,864	1,795,533
Intergovernmental	881,340	1,192,404	1,091,416	(100,988)
Contributions	10,000	10,000	-	(10,000)
Investment earnings	1,000,000	1,000,000	1,541,627	541,627
Other	137,206	195,706	333,592	137,886
Total revenues	99,068,098	99,187,662	99,891,630	703,968
EXPENDITURES				
Current:				
General government				
Economic development	442,319	454,257	449,709	4,548
Budget office	998,321	895,314	910,031	(14,717)
City secretary	707,316	728,044	706,661	21,383
City manager	703,339	724,938	715,038	9,900
Information technology	4,425,267	4,463,083	4,608,650	(145,567)
City auditor	146,079	185,010	178,111	6,899
City attorney	833,657	1,009,047	923,057	85,990
Accounting	2,670,783	2,717,080	2,736,050	(18,970)
Mayor and city council	124,586	124,586	95,153	29,433
Municipal court	873,580	895,426	857,336	38,090
Human resources	1,191,435	1,220,426	1,159,865	60,561
Facilities maintenance	2,754,541	2,803,311	2,751,182	52,129
Purchasing	418,650	397,077	328,203	68,874
Communications	1,145,140	1,171,764	1,156,750	15,014
Nondepartmental	4,829,942	3,396,882	2,609,353	787,529
Total	22,264,955	21,186,245	20,185,149	1,001,096
Public safety				
Police	27,541,335	28,068,239	28,511,385	(443,146)
Fire	4,140,684	3,927,852	3,657,812	270,040
EMS	6,954,115	7,103,271	6,195,934	907,337
Emergency management	333,176	344,880	338,115	6,765
Animal control	1,532,352	1,572,337	1,494,567	77,770
Fire marshal	1,240,517	1,255,704	1,323,598	(67,894)
Total	41,742,179	42,272,283	41,521,411	750,872

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Continued

General Fund

For the Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
Public works				
Administration	633,986	653,233	657,688	(4,455)
Project management	1,931,609	1,786,713	1,723,296	63,417
Engineering	2,348,728	2,441,951	2,318,761	123,190
Streets and stormwater	9,092,019	9,143,844	9,341,144	(197,300)
Solid waste	8,386,038	8,386,038	8,367,862	18,176
Total	22,392,380	22,411,779	22,408,751	3,028
Community services				
Library	2,769,455	2,798,592	2,815,622	(17,030)
Parks recreation	1,606,836	1,604,305	1,367,532	236,773
Civic center operations	112,034	113,126	121,523	(8,397)
Neighborhood services	679,038	876,945	805,743	71,202
Planning	1,366,470	1,458,885	1,370,865	88,020
Building	1,518,635	1,529,181	1,527,007	2,174
Parks operation	3,117,488	3,174,964	3,153,004	21,960
Total	11,169,956	11,555,998	11,161,296	394,702
Capital outlay	324,625	1,303,547	884,103	419,444
Total expenditures	97,894,095	98,729,852	96,160,710	2,569,142
Excess (deficiency) of revenues over (under) expenditures	1,174,003	457,810	3,730,920	3,273,110
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	29,136	29,136
Transfers in	5,510,340	5,510,340	5,350,135	(160,205)
Transfers out	(7,000,000)	(7,000,000)	(7,000,000)	-
Total other financing sources (uses)	(1,489,660)	(1,489,660)	(1,620,729)	(131,069)
Net change in fund balances	(315,657)	(1,031,850)	2,110,191	3,142,041
Fund balances, beginning of year	34,390,124	34,390,124	34,390,124	-
FUND BALANCE, END OF YEAR	\$ 34,074,467	\$ 33,358,274	\$ 36,500,315	\$ 3,142,041

Notes to Required Supplementary Information:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The original budget is presented to and adopted by City Council prior to the beginning of the fiscal year. The legal level of control in the approved budget, as defined by the charter, is at the department / function level.

Budget Amendments

Once adopted, the budget can only be amended by subsequent City Council action. The city manager has authority, without City Council approval, to transfer appropriation balances from one expenditure account to another within a single office, department or agency. Budget amendments are presented to City Council as needed each quarter in conjunction with quarterly financial reports.

Expenditures Exceeding Appropriations

The City exceeded the appropriated budget for various departments as noted by the negative values in the "Variance with final budget" column but did not exceed appropriations at the functional or fund level.

City of League City, Texas
Schedule of Changes in the Net Pension Liability
and Related Ratios
Texas Municipal Retirement System
For the Measurement Years Ended December 31*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 8,386,584	\$ 7,282,774	\$ 6,671,240	\$ 6,423,948
Interest	14,433,691	13,522,062	12,573,042	11,699,933
Differences between expected and actual experience	1,508,617	1,865,434	2,578,892	1,921,236
Changes in assumptions	-	(1,124,678)	-	-
Benefit payments, including refunds of employee contributions	(8,668,019)	(8,515,766)	(7,622,995)	(6,844,644)
Net change in total pension liability	15,660,873	13,029,826	14,200,179	13,200,473
Total pension liability - beginning	213,973,170	200,943,344	186,743,165	173,542,692
TOTAL PENSION LIABILITY - ENDING (a)	\$ 229,634,043	\$ 213,973,170	\$ 200,943,344	\$ 186,743,165
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 7,198,722	\$ 6,314,642	\$ 5,738,008	\$ 5,666,689
Contributions - employee	3,339,369	3,052,660	2,793,165	2,702,102
Net investment income (loss)	19,276,725	19,174,077	(12,968,111)	20,321,882
Benefit payments, including refunds of employee contributions	(8,668,019)	(8,515,766)	(7,622,995)	(6,844,644)
Administrative expense	(123,517)	(121,822)	(112,114)	(93,939)
Other	(2,889)	(850)	133,786	642
Net change in plan fiduciary net position	21,020,391	19,902,941	(12,038,261)	21,752,732
Plan fiduciary net position - beginning	185,354,135	165,451,194	177,489,455	155,736,723
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 206,374,526	\$ 185,354,135	\$ 165,451,194	\$ 177,489,455
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 23,259,517	\$ 28,619,035	\$ 35,492,150	\$ 9,253,710
Plan fiduciary net position as a percentage of total pension liability	89.87%	86.62%	82.34%	95.04%
Covered payroll	\$ 47,705,268	\$ 43,609,427	\$ 39,875,909	\$ 38,535,982
Net pension liability as a percentage of covered payroll	48.76%	65.63%	89.01%	24.01%

*GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

Notes to Required Supplementary Information:

The following factors significantly affect trends in the amounts reported for the City's net pension liability:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarial Assumptions:				
Inflation	2.50%	2.50%	2.50%	2.50%
Payroll growth	2.75%	2.75%	2.75%	2.75%
Investment rate of return	6.75%	6.75%	6.75%	6.75%
Discount rate	6.75%	6.75%	6.75%	6.75%

Measurement Date December 31, 2023 - Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2018 to December 31, 2022.

Measurement Date December 31, 2019 - Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018.

Measurement Date December 31, 2015 - Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014.

2020	2019	2018	2017	2016	2015
\$ 6,111,856	\$ 5,637,317	\$ 5,288,820	\$ 5,157,392	\$ 4,864,613	\$ 4,766,977
10,997,931	10,330,687	9,776,168	9,094,253	8,589,498	8,244,037
(713,722)	(1,342,090)	(1,633,715)	904,184	(1,524,205)	606,671
-	474,720	-	-	-	92,710
(5,459,505)	(5,446,122)	(5,334,730)	(4,903,446)	(4,293,442)	(4,265,297)
10,936,560	9,654,512	8,096,543	10,252,383	7,636,464	9,445,098
162,606,132	152,951,620	144,855,077	134,602,694	126,966,230	117,521,132
\$ 173,542,692	\$ 162,606,132	\$ 152,951,620	\$ 144,855,077	\$ 134,602,694	\$ 126,966,230
\$ 5,406,543	\$ 5,189,088	\$ 4,888,629	\$ 4,818,263	\$ 4,375,883	\$ 4,397,765
2,571,093	2,414,400	2,264,908	2,191,544	2,061,277	2,085,870
10,823,161	18,817,328	(3,704,148)	14,801,671	6,628,183	141,338
(5,459,505)	(5,446,122)	(5,334,730)	(4,903,446)	(4,293,442)	(4,265,297)
(69,976)	(106,226)	(71,534)	(76,665)	(74,832)	(86,078)
(2,730)	(3,191)	(3,737)	(3,885)	(4,035)	(4,251)
13,268,586	20,865,277	(1,960,612)	16,827,482	8,693,034	2,269,347
142,468,137	121,602,860	123,563,472	106,735,990	98,042,956	95,773,609
\$ 155,736,723	\$ 142,468,137	\$ 121,602,860	\$ 123,563,472	\$ 106,735,990	\$ 98,042,956
\$ 17,805,969	\$ 20,137,995	\$ 31,348,760	\$ 21,291,605	\$ 27,866,704	\$ 28,923,274
89.74%	87.62%	79.50%	85.30%	79.30%	77.22%
\$ 36,729,902	\$ 34,479,004	\$ 32,347,526	\$ 31,275,877	\$ 29,446,809	\$ 29,774,998
48.48%	58.41%	96.91%	68.08%	94.63%	97.14%

2020	2019	2018	2017	2016	2015
2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
2.75%	2.75%	3.00%	3.00%	3.00%	3.00%
6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
6.75%	6.75%	6.75%	6.75%	6.75%	6.75%

City of League City, Texas
 Schedule of the City's Contributions
 Texas Municipal Retirement System
 For the Fiscal Years Ended September 30*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 7,814,440	\$ 6,988,485	\$ 6,150,956	\$ 5,933,064
Contributions in relation to the actuarially determined contribution	<u>(7,814,440)</u>	<u>(6,988,485)</u>	<u>(6,150,956)</u>	<u>(5,933,064)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 49,628,211	\$ 46,730,391	\$ 42,543,091	\$ 41,055,354
Contributions as a percentage of covered payroll	15.75%	14.95%	14.46%	14.45%

*GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the City's fiscal year (September 30).

Notes to Required Supplementary Information

Valuation date Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	10 year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the four year period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generation basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information	There were no benefit changes during the year.

2021	2020	2019	2018	2017	2016
\$ 5,587,702	\$ 5,355,137	\$ 5,101,882	\$ 4,833,238	\$ 4,717,212	\$ 4,373,626
<u>(5,587,702)</u>	<u>(5,355,137)</u>	<u>(5,101,882)</u>	<u>(4,833,238)</u>	<u>(4,717,212)</u>	<u>(4,373,626)</u>
<u>\$ -</u>					
\$ 38,036,211	\$ 36,169,235	\$ 33,864,518	\$ 31,833,706	\$ 30,922,708	\$ 29,183,791
14.69%	14.81%	15.07%	15.18%	15.25%	14.99%

City of League City, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios

Texas Municipal Retirement System

For the Measurement Years Ended December 31*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 76,328	\$ 78,497	\$ 135,578	\$ 127,169
Interest	56,082	53,893	36,003	35,969
Difference between expected and actual experience	(1,225)	(7,594)	(39,943)	(43,749)
Changes in assumptions	(82,424)	72,095	(697,686)	62,078
Benefit payments	<u>(42,935)</u>	<u>(34,888)</u>	<u>(27,913)</u>	<u>(26,975)</u>
Net change in total OPEB liability	5,826	162,003	(593,961)	154,492
Total OPEB liability - beginning	<u>1,470,900</u>	<u>1,308,897</u>	<u>1,902,858</u>	<u>1,748,366</u>
TOTAL OPEB LIABILITY - ENDING	<u><u>\$ 1,476,726</u></u>	<u><u>\$ 1,470,900</u></u>	<u><u>\$ 1,308,897</u></u>	<u><u>\$ 1,902,858</u></u>
Covered-employee payroll	\$ 47,705,268	\$ 43,609,427	\$ 39,875,909	\$ 38,535,982
Total OPEB liability as a percentage of covered-employee payroll	3.10%	3.37%	3.28%	4.94%

*GASB Statement No. 75 requires 10 years of data; however, data for the years prior to 2017 are not available. Additionally, GASB Statement No. 75 requires that information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria of GASB 75, Paragraph 4, and therefore, the Supplemental Death Benefits Plan does not report fiduciary net position.

The following factors significantly affect trends in the amounts reported for the City's total OPEB liability:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarial Assumptions:				
Inflation	2.50%	2.50%	2.50%	2.50%
Payroll growth	3.60%	3.50%	3.50%	3.50%
Discount rate	4.08%	3.77%	4.05%	1.84%

Changes of assumptions reflect the effects of changes in the discount rate each period.

2020	2019	2018	2017
\$ 95,498	\$ 62,062	\$ 64,695	\$ 56,297
40,261	42,581	39,230	37,657
(43,477)	(29,820)	(44,028)	-
245,303	235,443	(87,620)	97,169
(11,019)	(10,344)	(6,470)	(6,255)
326,566	299,922	(34,193)	184,868
1,421,800	1,121,878	1,156,071	971,203
<u>\$ 1,748,366</u>	<u>\$ 1,421,800</u>	<u>\$ 1,121,878</u>	<u>\$ 1,156,071</u>
\$ 36,729,902	\$ 34,479,004	\$ 32,347,526	\$ 31,275,877
4.76%	4.12%	3.47%	3.70%

2020	2019	2018	2017
2.50%	2.50%	2.50%	2.50%
3.50%	3.50%	3.50%	3.50%
2.00%	2.75%	3.71%	3.31%

City of League City, Texas
Schedule of Changes in Net OPEB Liability
and Related Ratios
Retiree Medical Program
For the Measurement Years Ended December 31*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 578,209	\$ 687,998	\$ 937,021	\$ 871,648
Interest	306,282	421,984	227,609	225,519
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	27,723	(1,771,040)	2,408	29,522
Changes in assumptions	(413,194)	(1,224,739)	(2,668,206)	203,836
Benefit payments	<u>(361,878)</u>	<u>(347,067)</u>	<u>(302,945)</u>	<u>(235,282)</u>
Net change in total OPEB liability	137,142	(2,232,864)	(1,804,113)	1,095,243
Total OPEB liability - beginning	<u>8,016,038</u>	<u>10,248,902</u>	<u>12,053,015</u>	<u>10,957,772</u>
TOTAL OPEB LIABILITY - ENDING (a)	<u>\$ 8,153,180</u>	<u>\$ 8,016,038</u>	<u>\$ 10,248,902</u>	<u>\$ 12,053,015</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 648,166	\$ -	\$ -	\$ -
Net investment income (loss)	(5,671)	-	-	-
Benefit payments	<u>(361,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	280,617	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 280,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET OPEB LIABILITY - ENDING (a)-(b)	<u>\$ 7,872,563</u>	<u>\$ 8,016,038</u>	<u>\$ 10,248,902</u>	<u>\$ 12,053,015</u>
Plan fiduciary net position as a percentage of total OPEB liability	3.44%			
Covered-employee payroll	\$ 47,704,946	\$ 43,609,427	\$ 39,875,909	\$ 38,535,982
Net OPEB liability as a percentage of covered-employee payroll	16.50%	18.38%	25.70%	31.28%

*GASB Statement No. 75 requires 10 years of data; however, data for the years prior to 2017 are not available. Additionally, GASB Statement No. 75 requires that information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

Notes to Required Supplementary Information:

The City established an irrevocable OPEB trust beginning with measurement year ending December 31, 2024. Prior to 2024, no assets were accumulated in a trust that met the criteria of GASB 75, Paragraph 4, and therefore, the Retiree Medical Program does not report fiduciary net position for measurement years 2023 and prior.

The following factors significantly affect trends in the amounts reported for the City's total OPEB liability:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarial Assumptions:				
Inflation	2.50%	2.50%	2.50%	2.50%
Payroll growth	3.60%	3.50%	3.50%	3.50%
Investment rate of return	4.50%			
Discount rate	4.27%	3.77%	4.05%	1.84%

Changes of assumptions reflect the effects of changes in the discount rate each period.

2020	2019	2018	2017
\$ 697,812	\$ 574,208	\$ 503,159	\$ 436,976
264,536	329,672	284,533	287,306
-	670,608	-	-
2,317	(888,289)	91,976	-
833,403	193,901	(420,966)	493,341
(221,753)	(195,141)	(213,583)	(177,171)
1,576,315	684,959	245,119	1,040,452
9,381,457	8,696,498	8,451,379	7,410,927
\$ 10,957,772	\$ 9,381,457	\$ 8,696,498	\$ 8,451,379
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ 10,957,772	\$ 9,381,457	\$ 8,696,498	\$ 8,451,379
\$ 36,729,444	\$ 34,478,994	\$ 32,347,526	\$ 31,275,877
29.83%	27.21%	26.88%	27.02%

2020	2019	2018	2017
2.50%	2.50%	2.50%	2.50%
3.50%	3.50%	3.50%	3.50%
2.00%	2.75%	3.71%	3.31%



Other Supplementary Information

City of League City, Texas

Nonmajor Governmental Funds

September 30, 2025

SPECIAL REVENUE FUNDS

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The **Police Activity Fund** is used to account for funds donated for the community outreach program and criminal investigation purposes. Various purchases including supplies, equipment, and other services are made from these funds. The League City Police Department administers the funds of the programs.

The **Municipal Court Building Security Fund** is used to account for fees collected for future improvements to the security of the court facilities.

The **Municipal Court Technology Fund** is used to account for fees collected for future improvements to the technology of the court facilities.

The **Library Gift Fund** is used to account for donated funds to be used specifically for the purchase of special items not covered by the library's general operating budget.

The **Hotel Occupancy Tax Fund** is used to account for the hotel occupancy tax revenues. Tax revenues are used to promote tourism and the convention and hotel industries as defined in subchapter B of chapter 351 of the Tax Code.

The **Tree Preservation Fund** is used to account for fees paid by developers in lieu of replacing trees removed or damaged during development. Funds are to be utilized solely for the purchase of and planting of trees on City properties, parks, and right-of-way areas, as designated by the City Arborist.

The **Animal Control Donation Fund** is used to account for funds donated specifically for the support of the animal control shelter. Donated funds would typically be used for veterinary services, food for animals, and educational materials.

The **CDBG Fund** is used to account for the distribution of funds received from the Community Development Block Grant. These funds are to be used to improve living conditions for low-to moderate-income residents.

The **Public Access Channel Fund** is used to account for one percent of gross revenues received from cable television franchise fees. These funds are legally required to be used explicitly for improvements and equipment related to the City's public access channel.

The **Tax Reinvestment Financing Zone No. One Fund** is used to account for funds remaining after dissolution of the District on August 14, 2010. Funds will be used to complete certain infrastructure improvements within the reinvestment zone, as provided in the original project plan.

The **Tax Reinvestment Financing Zone No. Two Fund** is used to account for funds received as a result of the creation of this Zone for the purpose of developing a master planned community and business park within the boundaries of the City.

The **Tax Reinvestment Financing Zone No. Three Fund** is used to account for funds received as a result of the creation of this Zone for the purpose of developing a master planned community and business park within the boundaries of the City.

City of League City, Texas

Nonmajor Governmental Funds

September 30, 2025

The **Tax Reinvestment Financing Zone No. Four Fund** is used to account for funds received as a result of the creation of this Zone for the purpose of developing a master planned community and business park within the boundaries of the City.

The **Public Improvement District No. One Fund** is used to account for special assessments collected in connection with the District to finance the residential cost of a master planned community.

The **Public Improvement District No. Two Fund** is used to account for special assessments collected in connection with the District to finance the residential cost of a master planned community.

The **Public Improvement District No. Three Fund** is used to account for special assessments collected in connection with the District to finance the residential cost of a master planned community.

The **Public Improvement District No. Five Fund** is used to account for special assessments collected in connection with the District to finance the residential cost of a master planned community.

The **4B Park Maintenance and Operations Fund** is used to account for the City's contract with the 4B Corporation regarding the use of 4B sales tax monies paid to the City and to account for revenues and expenses associated with the operations and debt service for improvements in the Hometown Heroes Park.

The **Public Safety Technology Fund** is used to account for the collection of funds from other agencies who are members of the City's public safety consortium. The funds will be used solely to maintain and support the Gulf Region Information and Dispatch (GRID) system. The GRID system consists of a computer-aided dispatch, records management, and mobile computer system, and serves law enforcement, fire, EMS, and emergency communications for each of the agencies' parties. This consolidated system will enhance public safety operations by standardizing equipment and records management systems and will provide for shared costs of communications technology.

The **Technology Fund** is used to account for the one-time purchase of technology related hardware, software, and other services.

The **EMS/Fire Donation Fund** is used to account for donations received through the water bills for the Fire Department and Emergency Medical Services. Donated funds are used by the Fire and EMS departments to purchase operating supplies and equipment not funded from the General Fund.

The **Special Assessments Fund** is used to account for the receipt of special assessments and the expenditures of such funds to improve Oak Street, Fenwood Street, Tallow Forest Street, Arkansas Street, Alaska Street, and Second Street.

The **FEMA Hurricane Harvey Fund** is used to account for expenses related to Hurricane Harvey which will assist in reporting requirements by the Federal Emergency Management Agency (FEMA).

The **Municipal Court Time Payment Reimbursement Fee (TPRF) Fund** is used to account for fees collected to be used for the purpose of improving the collection of outstanding court costs, fines, reimbursement fees, restitution, or improving the efficiency of administration of justice.

City of League City, Texas

Nonmajor Governmental Funds

September 30, 2025

The **Hazard Mitigation Grant Program (HMGP) Disaster Recovery Fund** is used to track all eligible expenditures related to drainage improvements and flood hazard mitigation projects that are to be reimbursed by the Texas Department of Emergency Management and FEMA's HMGP award.

The **CDBG-DR Hurricane Harvey Fund** is used to track all eligible expenses related to the Hurricane Harvey drainage improvements projects that are reimbursed through the Community Development Block Grant-Disaster Recovery (CDBG-DR) grant award.

The **CDBG-DR Voluntary Home Buyout Fund** is used to track eligible expenses related to the Hurricane Harvey home buyout projects that are reimbursed through the CDBG-DR grant award.

The **Coastal Management Fund** is used to track eligible expenses related to the park planning and design project that are reimbursed through the Coastal Management grant award.

The **FEMA Winter Storm Uri Fund** is used to track all eligible expenses related to the February 2021 Texas Severe Winter Storm that are to be reimbursed by FEMA.

The **Coronavirus State and Local Fiscal Recovery Fund** tracks all expenditures related to the Coronavirus State and Fiscal Recovery grant. Funds will be allocated to community programs such as Interfaith Caring Ministries, small business assistance, and utility bill rental assistance. City projects include water, sewer, and broadband infrastructure; making necessary investments to improve access to clean drinking water; support vital wastewater and stormwater infrastructure; and to expand access to broadband internet.

The **Opioid Abatement Fund** is an account consisting of amounts from statewide opioid settlement agreements. The fund is used for opioid-related prevention, treatment programs, and other appropriations as permitted by statute.

The **Fire Mitigation Fund** is used to track the collection of fire mitigation fees and related expenditures.

The **CDBG Mitigation Fund** is used to track eligible expenses related to Community Development Block Grant projects that are reimbursed through the CDBG-MIT grant award.

The **Energy Efficiency and Conservation Block Grant Fund** is used to track eligible expenses related to Energy Efficiency and Conservation Block Grant (EECBG) Program, which is designed to assist local governments in implementing strategies to reduce energy use, reduce fossil fuel emissions and improve energy efficiency.

The **FEMA Hurricane Laura Fund** is used to track expenses related to Hurricane Laura that are to be reimbursed by FEMA.

The **FEMA Hurricane Beryl Fund** is used to track expenses related to Hurricane Beryl that are to be reimbursed by FEMA.

The **Local Youth Diversion Fund** is used to account for court fees collected to support the Texas Youth Diversion and Early Intervention Act, which requires a juvenile case manager in the municipal court for duties of maintaining a youth diversion plan to increase opportunities for early identification of at-risk youth.

City of League City, Texas

Nonmajor Governmental Funds

September 30, 2025

CAPITAL PROJECTS FUNDS

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and/or construction of capital facilities and other capital assets.

The **Sales Tax Capital Projects Fund** is used to track 0.25% of sales tax revenue assigned to street and drainage projects.

The **Big League Dreams Capital Reserve Fund** is used to track collections of 1% of gross earnings from Big League Dreams for arrears, to be used for capital expenditures.

The **Miscellaneous Capital Projects Fund** is used to account for miscellaneous capital projects designated by City Council.

The **Park Facilities and Maintenance Fund** is used to account for fees of \$1,000 per living unit paid by developers in lieu of dedication of park or recreation areas. Funds collected within this fund are to be used specifically for park facilities and maintenance at the discretion of the City Council.

The **Right-of-Way Fund** is used to account for funds received from or reserved for purchase of public right-of-way.

The **Reinvestment Capital Fund** is used to account for general revenue funds to be used for infrastructure reinvestment program.

The **South Shore Harbour (SSH) MUD #2 Fund** is used to account for funds received as a result of the dissolution of SSH Municipal Utility District #2. Funds will be utilized in whole or in part for capital or permanent improvements inside the boundaries of the District.

The **South Shore Harbour (SSH) MUD #3 Fund** is used to account for funds received as a result of the dissolution of SSH Municipal Utility District #3. Funds will be utilized in whole or in part for capital or permanent improvements inside the boundaries of the District.

The **Capital Recovery Fund** is used to account for funds received from roadway capital recovery fees.

The **General Obligation Improvement Bonds 2020 Prop A Fund** is used to account for acquisition, design, construction, and equipping drainage improvements; and for the purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way related thereto.

The **General Obligation Improvement Bonds 2021 Prop A Fund** is used to account for acquisition, design, construction, and equipping drainage improvements; and for the purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way related thereto.

The **General Obligation Improvement Bonds 2023 Fund** is used to account for acquisition, design, construction, equipping, and improvement of streets, roadways, traffic, and drainage improvements; and for the purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way related thereto.

The **Fire Station 7 Fund** is used to account for capital projects designated committed to Fire Station 7.

City of League City, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Police Activity Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,136,873	\$ 4,245	\$ 4,535
Investments	-	-	-
Receivables, net of allowance	-	-	-
Prepaid Items	-	-	-
TOTAL ASSETS	<u>\$ 2,136,873</u>	<u>\$ 4,245</u>	<u>\$ 4,535</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 102,850	\$ -	\$ -
Accrued liabilities	149,293	849	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	252,143	849	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - grants	-	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	-	-	-
Restricted:			
Municipal court	-	3,396	4,535
Hotel occupancy tax	-	-	-
Public access channel	-	-	-
Grants	-	-	-
Tax increment reinvestment zone	-	-	-
Public improvement district	-	-	-
Opioid settlement	-	-	-
Special projects	-	-	-
Capital projects	-	-	-
Committed:			
Special projects	1,884,730	-	-
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>1,884,730</u>	<u>3,396</u>	<u>4,535</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,136,873</u>	<u>\$ 4,245</u>	<u>\$ 4,535</u>

City of League City, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Tax Reinvestment Financing Zone No. One Fund	Tax Reinvestment Financing Zone No. Two Fund	Tax Reinvestment Financing Zone No. Three Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 225,860	\$ 427,194	\$ 141,401
Investments	762,012	4,520,621	762,012
Receivables, net of allowance	10,141	16,047	10,141
Prepaid Items	-	-	-
TOTAL ASSETS	<u>\$ 998,013</u>	<u>\$ 4,963,862</u>	<u>\$ 913,554</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	255,796	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	255,796	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - grants	-	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	-	-	-
Restricted:			
Municipal court	-	-	-
Hotel occupancy tax	-	-	-
Public access channel	-	-	-
Grants	-	-	-
Tax increment reinvestment zone	998,013	4,708,066	913,554
Public improvement district	-	-	-
Opioid settlement	-	-	-
Special projects	-	-	-
Capital projects	-	-	-
Committed:			
Special projects	-	-	-
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>998,013</u>	<u>4,708,066</u>	<u>913,554</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 998,013</u>	<u>\$ 4,963,862</u>	<u>\$ 913,554</u>

Tax Reinvestment Financing Zone No. Four Fund	Public Improvement District No. One Fund	Public Improvement District No. Two Fund	Public Improvement District No. Three Fund	Public Improvement District No. Five Fund	4B Park Maintenance and Operations Fund
\$ 464,571	\$ 433,245	\$ 1,206,294	\$ 123,997	\$ 328,909	\$ -
1,181,572	654,391	298,676	298,676	298,676	706,001
2,555	8,316	420	420	420	461,171
-	-	-	-	-	38,057
<u>\$ 1,648,698</u>	<u>\$ 1,095,952</u>	<u>\$ 1,505,390</u>	<u>\$ 423,093</u>	<u>\$ 628,005</u>	<u>\$ 1,205,229</u>
\$ -	\$ 109,815	\$ 2,379	\$ 2,143	\$ 931	\$ 92,653
-	-	221,558	6,477	38,762	22,772
-	-	-	-	-	3,525
-	-	-	-	-	60,040
-	-	-	-	-	-
-	109,815	223,937	8,620	39,693	178,990
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,648,698	-	-	-	-	-
-	986,137	1,281,453	414,473	588,312	38,057
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	988,182
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,648,698</u>	<u>986,137</u>	<u>1,281,453</u>	<u>414,473</u>	<u>588,312</u>	<u>1,026,239</u>
<u>\$ 1,648,698</u>	<u>\$ 1,095,952</u>	<u>\$ 1,505,390</u>	<u>\$ 423,093</u>	<u>\$ 628,005</u>	<u>\$ 1,205,229</u>

City of League City, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Public Safety Technology Fund	Technology Fund	EMS/Fire Donation Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 40,317	\$ 203,646	\$ 100,395
Investments	-	254,082	-
Receivables, net of allowance	57,036	5,641	1,466
Prepaid Items	-	-	3,583
TOTAL ASSETS	\$ 97,353	\$ 463,369	\$ 105,444
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 52,788	\$ -
Accrued liabilities	4,960	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	4,960	52,788	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - grants	-	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	-	-	3,583
Restricted:			
Municipal court	-	-	-
Hotel occupancy tax	-	-	-
Public access channel	-	-	-
Grants	-	-	-
Tax increment reinvestment zone	-	-	-
Public improvement district	-	-	-
Opioid settlement	-	-	-
Special projects	92,393	410,581	-
Capital projects	-	-	-
Committed:			
Special projects	-	-	101,861
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	92,393	410,581	105,444
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 97,353	\$ 463,369	\$ 105,444

Special Assessments Fund	FEMA Hurricane Harvey Fund	Municipal Court TPRF Fund	HMGP Disaster Recovery Fund	CDBG-DR Hurricane Harvey Fund	CDBG-DR Voluntary Home Buyout Fund
\$ -	\$ 345,369	\$ 106,177	\$ 141,987	\$ -	\$ 65,889
-	1,446,218	-	380,205	740,124	-
19,545	16,256	-	10,159	5,108	-
-	-	-	-	-	-
<u>\$ 19,545</u>	<u>\$ 1,807,843</u>	<u>\$ 106,177</u>	<u>\$ 532,351</u>	<u>\$ 745,232</u>	<u>\$ 65,889</u>
\$ -	\$ -	\$ -	\$ 4,104	\$ 3,621	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	12,242	-
-	43,692	-	-	-	-
-	43,692	-	4,104	15,863	-
-	-	-	-	-	-
-	2,640	-	4,104	-	-
19,545	-	-	-	-	-
<u>19,545</u>	<u>2,640</u>	<u>-</u>	<u>4,104</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	106,177	-	-	-
-	-	-	-	-	-
-	1,761,511	-	524,143	729,369	65,889
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,761,511</u>	<u>106,177</u>	<u>524,143</u>	<u>729,369</u>	<u>65,889</u>
<u>\$ 19,545</u>	<u>\$ 1,807,843</u>	<u>\$ 106,177</u>	<u>\$ 532,351</u>	<u>\$ 745,232</u>	<u>\$ 65,889</u>

City of League City, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Coastal Management Fund	FEMA Winter Storm Uri Fund	Coronavirus State and Local Fiscal Recovery Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 109,145	\$ -	\$ -
Investments	-	-	550,922
Receivables, net of allowance	-	-	1,248
Prepaid Items	-	-	-
TOTAL ASSETS	\$ 109,145	\$ -	\$ 552,170
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	258,543
Unearned revenue	-	-	-
Total liabilities	-	-	258,543
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - grants	-	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	-	-	-
Restricted:			
Municipal court	-	-	-
Hotel occupancy tax	-	-	-
Public access channel	-	-	-
Grants	109,145	-	293,627
Tax increment reinvestment zone	-	-	-
Public improvement district	-	-	-
Opioid settlement	-	-	-
Special projects	-	-	-
Capital projects	-	-	-
Committed:			
Special projects	-	-	-
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	109,145	-	293,627
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 109,145	\$ -	\$ 552,170

Opioid Abatement Fund	Fire Mitigation Fund	CDBG Mitigation Fund	Energy Efficiency and Conservation Block Grant Fund	FEMA Hurricane Laura Fund	FEMA Hurricane Beryl Fund
\$ 118,418	\$ 47,561	\$ -	\$ 30,437	\$ 91,856	\$ -
-	-	-	-	-	597,352
-	2,097	352,664	155,210	-	23,494
-	-	-	-	-	-
<u>\$ 118,418</u>	<u>\$ 49,658</u>	<u>\$ 352,664</u>	<u>\$ 185,647</u>	<u>\$ 91,856</u>	<u>\$ 620,846</u>
\$ -	\$ 2,784	\$ 158,517	\$ -	\$ -	\$ 69,270
-	-	-	-	-	-
-	-	-	-	-	-
-	-	194,147	-	-	246,041
-	-	-	-	-	-
-	2,784	352,664	-	-	315,311
-	-	-	-	-	-
-	-	-	155,210	-	22,655
-	-	-	-	-	-
-	-	-	155,210	-	22,655
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30,437	91,856	282,880
-	-	-	-	-	-
118,418	-	-	-	-	-
-	46,874	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>118,418</u>	<u>46,874</u>	<u>-</u>	<u>30,437</u>	<u>91,856</u>	<u>282,880</u>
<u>\$ 118,418</u>	<u>\$ 49,658</u>	<u>\$ 352,664</u>	<u>\$ 185,647</u>	<u>\$ 91,856</u>	<u>\$ 620,846</u>

City of League City, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Local Youth Diversion Fund	Total Nonmajor Special Revenue Funds	Sales Tax Capital Projects Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,817	\$ 7,780,480	\$ 1,028,127
Investments	-	16,197,015	2,543,727
Receivables, net of allowance	-	1,459,140	827,523
Prepaid Items	-	41,640	-
TOTAL ASSETS	\$ 2,817	\$ 25,478,275	\$ 4,399,377
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 614,686	\$ -
Accrued liabilities	706	706,190	-
Deposits payable	-	3,525	-
Due to other funds	-	803,166	-
Unearned revenue	-	43,692	-
Total liabilities	706	2,171,259	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - grants	-	184,609	-
Unavailable revenue - other	-	19,545	-
Total deferred inflows of resources	-	204,154	-
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	-	41,640	-
Restricted:			
Municipal court	2,111	116,219	-
Hotel occupancy tax	-	2,217,751	-
Public access channel	-	1,275,752	-
Grants	-	3,888,857	-
Tax increment reinvestment zone	-	8,268,331	-
Public improvement district	-	3,270,375	-
Opioid settlement	-	118,418	-
Special projects	-	549,848	-
Capital projects	-	-	4,399,377
Committed:			
Special projects	-	3,390,464	-
Capital projects	-	-	-
Unassigned	-	(34,793)	-
Total fund balances (deficits)	2,111	23,102,862	4,399,377
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,817	\$ 25,478,275	\$ 4,399,377

City of League City, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	South Shore Harbour MUD #3 Fund	Capital Recovery Fund	General Obligation Improvement Bonds 2020 Prop A Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 49,209	\$ 2,224,641	\$ 1,825,275
Investments	-	2,992,563	4,261,878
Receivables, net of allowance	391	3,953	7,152
Prepaid Items	-	-	-
TOTAL ASSETS	\$ 49,600	\$ 5,221,157	\$ 6,094,305
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 11,149
Accrued liabilities	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	-	11,149
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	390	-	-
Unavailable revenue - grants	-	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	390	-	-
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	-	-	-
Restricted:			
Municipal court	-	-	-
Hotel occupancy tax	-	-	-
Public access channel	-	-	-
Grants	-	-	-
Tax increment reinvestment zone	-	-	-
Public improvement district	-	-	-
Opioid settlement	-	-	-
Special projects	-	-	-
Capital projects	-	-	6,083,156
Committed:			
Special projects	-	-	-
Capital projects	49,210	5,221,157	-
Unassigned	-	-	-
Total fund balances (deficits)	49,210	5,221,157	6,083,156
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 49,600	\$ 5,221,157	\$ 6,094,305

General Obligation Improvement Bonds 2021 Prop A Fund	General Obligation Improvement Bonds 2023 Fund	Fire Station 7 Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 2,186,850	\$ 957,524	\$ 2,606,666	\$ 18,394,753	\$ 26,175,233
9,612,244	3,589,048	9,200,286	65,275,548	81,472,563
27,547	768,311	33,315	3,315,364	4,774,504
-	-	-	-	41,640
<u>\$ 11,826,641</u>	<u>\$ 5,314,883</u>	<u>\$ 11,840,267</u>	<u>\$ 86,985,665</u>	<u>\$ 112,463,940</u>
\$ 221,064	\$ 2,266,576	\$ -	\$ 4,307,060	\$ 4,921,746
231,712	1	-	625,812	1,332,002
-	-	-	-	3,525
-	-	-	-	803,166
-	-	-	-	43,692
<u>452,776</u>	<u>2,266,577</u>	<u>-</u>	<u>4,932,872</u>	<u>7,104,131</u>
-	-	-	415	415
-	-	-	-	184,609
-	759,603	-	759,603	779,148
<u>-</u>	<u>759,603</u>	<u>-</u>	<u>760,018</u>	<u>964,172</u>
-	-	-	-	41,640
-	-	-	-	116,219
-	-	-	-	2,217,751
-	-	-	-	1,275,752
-	-	-	-	3,888,857
-	-	-	-	8,268,331
-	-	-	-	3,270,375
-	-	-	-	118,418
-	-	-	-	549,848
11,373,865	2,288,703	-	24,145,101	24,145,101
-	-	-	-	3,390,464
-	-	11,840,267	57,147,674	57,147,674
-	-	-	-	(34,793)
<u>11,373,865</u>	<u>2,288,703</u>	<u>11,840,267</u>	<u>81,292,775</u>	<u>104,395,637</u>
<u>\$ 11,826,641</u>	<u>\$ 5,314,883</u>	<u>\$ 11,840,267</u>	<u>\$ 86,985,665</u>	<u>\$ 112,463,940</u>

City of League City, Texas

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2025

	Police Activity Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund
REVENUES			
Ad valorem property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Franchise fees	-	-	-
Other taxes	-	-	-
Special assessments	-	-	-
Fines and forfeitures	-	41,084	33,810
Charges for services	-	-	-
Intergovernmental	1,732,941	-	-
Contributions	-	-	-
Investment earnings (loss)	19,466	43	4
Other	28,619	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	1,781,026	41,127	33,814
EXPENDITURES			
Current:			
General government	-	45,529	38,090
Public safety	104,850	-	-
Public works	-	-	-
Community services	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	90,569	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	195,419	45,529	38,090
Excess (deficiency) of revenues over (under) expenditures	1,585,607	(4,402)	(4,276)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
Net change in fund balances	1,585,607	(4,402)	(4,276)
Fund balances, beginning of year, as previously reported	299,123	7,798	8,811
Adjustment of beginning balance - change in reporting entity	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year - as adjusted	299,123	7,798	8,811
FUND BALANCE, END OF YEAR	<hr/> \$ 1,884,730	<hr/> \$ 3,396	<hr/> \$ 4,535

Library Gift Fund	Hotel Occupancy Tax Fund	Tree Preservation Fund	Animal Control Donation Fund	CDBG Fund	Public Access Channel Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	205,671
-	992,027	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,000	2,608	115,760	-	-	-
-	-	-	-	929,858	-
824	-	-	72,847	-	-
25	81,270	2,524	12,814	-	53,428
-	-	-	3,786	-	-
<u>1,849</u>	<u>1,075,905</u>	<u>118,284</u>	<u>89,447</u>	<u>929,858</u>	<u>259,099</u>
-	727,362	-	-	127,947	31,453
-	-	-	48,223	-	-
-	-	-	-	-	-
248	-	9,800	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	791,012	-
<u>248</u>	<u>727,362</u>	<u>9,800</u>	<u>48,223</u>	<u>918,959</u>	<u>31,453</u>
1,601	348,543	108,484	41,224	10,899	227,646
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,601</u>	<u>348,543</u>	<u>108,484</u>	<u>41,224</u>	<u>10,899</u>	<u>227,646</u>
2,981	1,869,208	34,740	226,661	(45,692)	1,048,106
-	-	-	-	-	-
<u>2,981</u>	<u>1,869,208</u>	<u>34,740</u>	<u>226,661</u>	<u>(45,692)</u>	<u>1,048,106</u>
<u>\$ 4,582</u>	<u>\$ 2,217,751</u>	<u>\$ 143,224</u>	<u>\$ 267,885</u>	<u>\$ (34,793)</u>	<u>\$ 1,275,752</u>

City of League City, Texas

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2025

	Tax Reinvestment Financing Zone No. One Fund	Tax Reinvestment Financing Zone No. Two Fund	Tax Reinvestment Financing Zone No. Three Fund
REVENUES			
Ad valorem property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Franchise fees	-	-	-
Other taxes	-	-	-
Special assessments	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Intergovernmental	-	-	-
Contributions	-	-	-
Investment earnings (loss)	33,287	237,385	29,663
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	33,287	237,385	29,663
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	889,062	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	889,062	-
Excess (deficiency) of revenues over (under) expenditures	33,287	(651,677)	29,663
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
Net change in fund balances	33,287	(651,677)	29,663
Fund balances, beginning of year, as previously reported	964,726	5,359,743	883,891
Adjustment of beginning balance - change in reporting entity	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year - as adjusted	964,726	5,359,743	883,891
FUND BALANCE, END OF YEAR	<u>\$ 998,013</u>	<u>\$ 4,708,066</u>	<u>\$ 913,554</u>

Tax Reinvestment Financing Zone No. Four Fund	Public Improvement District No. One Fund	Public Improvement District No. Two Fund	Public Improvement District No. Three Fund	Public Improvement District No. Five Fund	4B Park Maintenance and Operations Fund
\$ 1,187,487	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
283,528	432,242	104,837	43,725	5,126	-
-	-	-	-	-	-
-	-	-	-	-	437,768
-	-	-	-	-	-
-	-	-	-	-	2,064,316
56,066	38,461	59,757	18,099	25,914	23,974
-	-	-	-	-	215,072
1,527,081	470,703	164,594	61,824	31,040	2,741,130
-	-	-	-	-	-
-	-	-	-	-	-
23,548	418,038	4,166	3,566	19,062	-
-	-	-	-	-	1,878,172
270,000	-	-	50,000	-	465,159
95,250	-	-	276	-	132,998
-	-	-	-	-	-
388,798	418,038	4,166	53,842	19,062	2,476,329
1,138,283	52,665	160,428	7,982	11,978	264,801
-	-	-	-	-	-
-	-	-	-	-	(10,000)
-	-	-	-	-	(10,000)
1,138,283	52,665	160,428	7,982	11,978	254,801
510,415	933,472	1,121,025	406,491	576,334	771,438
-	-	-	-	-	-
510,415	933,472	1,121,025	406,491	576,334	771,438
\$ 1,648,698	\$ 986,137	\$ 1,281,453	\$ 414,473	\$ 588,312	\$ 1,026,239

City of League City, Texas

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2025

	Public Safety Technology Fund	Technology Fund	EMS/Fire Donation Fund
REVENUES			
Ad valorem property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Franchise fees	-	-	-
Other taxes	-	-	-
Special assessments	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Intergovernmental	-	-	-
Contributions	-	-	9,735
Investment earnings (loss)	113	31,320	3,874
Other	317,629	-	-
Total revenues	317,742	31,320	13,609
EXPENDITURES			
Current:			
General government	103,799	88,321	-
Public safety	218,741	-	1,690
Public works	-	-	-
Community services	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	201,456	-
Total expenditures	322,540	289,777	1,690
Excess (deficiency) of revenues over (under) expenditures	(4,798)	(258,457)	11,919
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(4,798)	(258,457)	11,919
Fund balances, beginning of year, as previously reported	97,191	669,038	93,525
Adjustment of beginning balance - change in reporting entity	-	-	-
Fund balances, beginning of year - as adjusted	97,191	669,038	93,525
FUND BALANCE, END OF YEAR	\$ 92,393	\$ 410,581	\$ 105,444

Special Assessments Fund	FEMA Hurricane Harvey Fund	Municipal Court TPRF Fund	HMGP Disaster Recovery Fund	CDBG-DR Hurricane Harvey Fund	CDBG-DR Voluntary Home Buyout Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	28,783	-	-	-
-	92,704	-	7,543	64,253	9,189
-	-	-	-	-	-
-	59,463	2,947	20,796	29,433	1,848
-	-	-	12,697	-	-
-	152,167	31,730	41,036	93,686	11,037
-	-	7,129	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,104	67,307	-
-	-	7,129	4,104	67,307	-
-	152,167	24,601	36,932	26,379	11,037
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	152,167	24,601	36,932	26,379	11,037
-	1,609,344	81,576	487,211	702,990	54,852
-	-	-	-	-	-
-	1,609,344	81,576	487,211	702,990	54,852
\$ -	\$ 1,761,511	\$ 106,177	\$ 524,143	\$ 729,369	\$ 65,889

City of League City, Texas

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2025

	Coastal Management Fund	FEMA Winter Storm Uri Fund	Coronavirus State and Local Fiscal Recovery Fund
REVENUES			
Ad valorem property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Franchise fees	-	-	-
Other taxes	-	-	-
Special assessments	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Intergovernmental	-	-	-
Contributions	-	-	-
Investment earnings (loss)	4,344	(5,827)	27,538
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	4,344	(5,827)	27,538
EXPENDITURES			
Current:			
General government	-	-	275,000
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	3,550
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	278,550
Excess (deficiency) of revenues over (under) expenditures	4,344	(5,827)	(251,012)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
Net change in fund balances	4,344	(5,827)	(251,012)
Fund balances, beginning of year, as previously reported	104,801	5,827	544,639
Adjustment of beginning balance - change in reporting entity	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year - as adjusted	104,801	5,827	544,639
FUND BALANCE, END OF YEAR	\$ 109,145	\$ -	\$ 293,627

Opioid Abatement Fund	Fire Mitigation Fund	CDBG Mitigation Fund	Energy Efficiency and Conservation Block Grant Fund	FEMA Hurricane Laura Fund	FEMA Hurricane Beryl Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	48,864	-	-	-	-
-	-	1,671,537	-	-	198,702
-	-	-	-	-	-
3,860	199	-	2,236	2,909	26,067
90,101	-	-	-	-	-
<u>93,961</u>	<u>49,063</u>	<u>1,671,537</u>	<u>2,236</u>	<u>2,909</u>	<u>224,769</u>
-	-	-	-	-	-
-	12,146	-	-	-	292,732
-	-	-	-	-	69,270
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,671,537	-	-	-
<u>-</u>	<u>12,146</u>	<u>1,671,537</u>	<u>-</u>	<u>-</u>	<u>362,002</u>
93,961	36,917	-	2,236	2,909	(137,233)
-	-	-	-	-	-
(92,687)	-	-	-	-	-
<u>(92,687)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,274	36,917	-	2,236	2,909	(137,233)
117,144	9,957	-	28,201	88,947	420,113
-	-	-	-	-	-
<u>117,144</u>	<u>9,957</u>	<u>-</u>	<u>28,201</u>	<u>88,947</u>	<u>420,113</u>
<u>\$ 118,418</u>	<u>\$ 46,874</u>	<u>\$ -</u>	<u>\$ 30,437</u>	<u>\$ 91,856</u>	<u>\$ 282,880</u>

City of League City, Texas

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2025

	Local Youth Diversion Fund	Total Nonmajor Special Revenue Funds	Sales Tax Capital Projects Fund
REVENUES			
Ad valorem property tax	\$ -	\$ 1,187,487	\$ -
Sales tax	-	-	4,943,053
Franchise fees	-	205,671	-
Other taxes	-	992,027	-
Special assessments	-	869,458	-
Fines and forfeitures	41,579	145,256	-
Charges for services	-	606,000	-
Intergovernmental	-	4,706,727	-
Contributions	-	2,147,722	-
Investment earnings (loss)	70	903,370	175,568
Other	-	667,904	-
	<hr/>	<hr/>	<hr/>
Total revenues	41,649	12,431,622	5,118,621
EXPENDITURES			
Current:			
General government	39,538	1,484,168	-
Public safety	-	678,382	-
Public works	-	537,650	-
Community services	-	1,888,220	-
Debt service			
Principal	-	785,159	-
Interest and fiscal charges	-	228,524	-
Capital outlay	-	3,718,597	-
	<hr/>	<hr/>	<hr/>
Total expenditures	39,538	9,320,700	-
Excess (deficiency) of revenues over (under) expenditures	2,111	3,110,922	5,118,621
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(102,687)	(6,000,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(102,687)	(6,000,000)
Net change in fund balances	2,111	3,008,235	(881,379)
Fund balances, beginning of year, as previously reported	-	20,094,627	5,280,756
Adjustment of beginning balance - change in reporting entity	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year - as adjusted	-	20,094,627	5,280,756
FUND BALANCE, END OF YEAR	\$ 2,111	\$ 23,102,862	\$ 4,399,377

Big League Dreams Capital Reserve Fund	Miscellaneous Capital Projects Fund	Park Facilities and Maintenance Fund	Right-of-Way Fund	Reinvestment Capital Fund	South Shore Harbour MUD #2 Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,918,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
412	470,898	388,963	92,140	670,130	5
-	1,764,526	116,363	490,243	65,783	-
412	2,235,424	4,423,326	582,383	735,913	5
-	26,839	-	-	353,132	-
-	-	-	-	-	-
-	84,982	-	-	-	-
-	-	90,673	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,587,641	382,146	1,508,893	8,187,798	-
-	2,699,462	472,819	1,508,893	8,540,930	-
412	(464,038)	3,950,507	(926,510)	(7,805,017)	5
-	2,000,000	-	-	5,000,000	-
-	-	-	-	-	-
-	2,000,000	-	-	5,000,000	-
412	1,535,962	3,950,507	(926,510)	(2,805,017)	5
58,074	11,194,842	7,333,301	2,462,333	17,232,350	781
-	-	-	-	-	-
58,074	11,194,842	7,333,301	2,462,333	17,232,350	781
\$ 58,486	\$ 12,730,804	\$ 11,283,808	\$ 1,535,823	\$ 14,427,333	\$ 786

City of League City, Texas

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2025

	South Shore Harbour MUD #3 Fund	Capital Recovery Fund	General Obligation Improvement Bonds 2020 Prop A Fund
REVENUES			
Ad valorem property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Franchise fees	-	-	-
Other taxes	-	-	-
Special assessments	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Intergovernmental	-	-	-
Contributions	-	-	-
Investment earnings (loss)	1,479	203,392	274,697
Other	-	999,902	64,752
	<hr/>	<hr/>	<hr/>
Total revenues	1,479	1,203,294	339,449
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	20,248	13,424
	<hr/>	<hr/>	<hr/>
Total expenditures	-	20,248	13,424
Excess (deficiency) of revenues over (under) expenditures	1,479	1,183,046	326,025
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
Net change in fund balances	1,479	1,183,046	326,025
Fund balances, beginning of year, as previously reported	47,731	4,038,111	5,757,131
Adjustment of beginning balance - change in reporting entity	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year - as adjusted	47,731	4,038,111	5,757,131
FUND BALANCE, END OF YEAR	\$ 49,210	\$ 5,221,157	\$ 6,083,156

General Obligation Improvement Bonds 2021 Prop A Fund	General Obligation Improvement Bonds 2023 Fund	Fire Station 7 Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,187,487
-	-	-	4,943,053	4,943,053
-	-	-	-	205,671
-	-	-	-	992,027
-	-	-	-	869,458
-	-	-	-	145,256
-	-	-	3,918,000	4,524,000
-	-	-	-	4,706,727
-	-	-	-	2,147,722
521,581	191,852	453,362	3,444,479	4,347,849
-	1	-	3,501,570	4,169,474
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
521,581	191,853	453,362	15,807,102	28,238,724
-	-	-	379,971	1,864,139
-	-	-	-	678,382
-	-	-	84,982	622,632
-	-	-	90,673	1,978,893
-	-	-	-	785,159
-	-	-	-	228,524
2,278,758	3,627,327	23,492	18,629,727	22,348,324
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,278,758	3,627,327	23,492	19,185,353	28,506,053
(1,757,177)	(3,435,474)	429,870	(3,378,251)	(267,329)
-	-	-	7,000,000	7,000,000
-	-	-	(6,000,000)	(6,102,687)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	1,000,000	897,313
(1,757,177)	(3,435,474)	429,870	(2,378,251)	629,984
13,131,042	-	11,410,397	77,946,849	98,041,476
-	5,724,177	-	5,724,177	5,724,177
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
13,131,042	5,724,177	11,410,397	83,671,026	103,765,653
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 11,373,865	\$ 2,288,703	\$ 11,840,267	\$ 81,292,775	\$ 104,395,637

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Debt Service Fund
For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Ad valorem property tax	\$ 7,948,000	\$ 7,948,000	\$ 7,608,468	\$ (339,532)
Investment earnings	250,000	250,000	218,691	(31,309)
Total revenues	8,198,000	8,198,000	7,827,159	(370,841)
EXPENDITURES				
Current:				
General government	-	-	250,000	(250,000)
Debt service:				
Principal	9,706,603	9,706,603	9,706,603	-
Interest and fiscal charges	4,594,526	4,594,526	4,594,999	(473)
Total expenditures	14,301,129	14,301,129	14,551,602	(250,473)
Excess (deficiency) of revenues over (under) expenditures	(6,103,129)	(6,103,129)	(6,724,443)	(621,314)
OTHER FINANCING SOURCES				
Transfers in	6,000,000	6,000,000	6,000,000	-
Total other financing sources	6,000,000	6,000,000	6,000,000	-
Net change in fund balances	(103,129)	(103,129)	(724,443)	(621,314)
Fund balances, beginning of year	5,167,605	5,167,605	5,167,605	-
FUND BALANCE, END OF YEAR	\$ 5,064,476	\$ 5,064,476	\$ 4,443,162	\$ (621,314)

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Police Activity
For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 755,000	\$ 755,000	\$ 1,732,941	\$ 977,941
Investment earnings	1,715	1,715	19,466	17,751
Other	-	-	28,619	28,619
Total revenues	756,715	756,715	1,781,026	1,024,311
EXPENDITURES				
Current				
Public safety	30,467	105,547	104,850	697
Capital outlay	60,000	90,570	90,569	1
Total expenditures	90,467	196,117	195,419	698
Net change in fund balances	666,248	560,598	1,585,607	1,025,009
Fund balances, beginning of year	299,123	299,123	299,123	-
FUND BALANCE, END OF YEAR	\$ 965,371	\$ 859,721	\$ 1,884,730	\$ 1,025,009

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Municipal Court Building Security

For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 47,000	\$ 47,000	\$ 41,084	\$ (5,916)
Investment earnings	25	25	43	18
Total revenues	47,025	47,025	41,127	(5,898)
EXPENDITURES				
Current:				
General government	48,471	48,471	45,529	2,942
Total expenditures	48,471	48,471	45,529	2,942
Net change in fund balances	(1,446)	(1,446)	(4,402)	(2,956)
Fund balances, beginning of year	7,798	7,798	7,798	-
FUND BALANCE, END OF YEAR	\$ 6,352	\$ 6,352	\$ 3,396	\$ (2,956)

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Municipal Court Technology

For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 33,810	\$ (6,190)
Investment earnings	15	15	4	(11)
Total revenues	40,015	40,015	33,814	(6,201)
EXPENDITURES				
Current:				
General government	40,000	40,000	38,090	1,910
Total expenditures	40,000	40,000	38,090	1,910
Net change in fund balances	15	15	(4,276)	(4,291)
Fund balances, beginning of year	8,811	8,811	8,811	-
FUND BALANCE, END OF YEAR	\$ 8,826	\$ 8,826	\$ 4,535	\$ (4,291)

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Library Gift
For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 1,000	\$ 1,000
Contributions	250	250	824	574
Investment earnings	20	20	25	5
Total revenues	270	270	1,849	1,579
EXPENDITURES				
Current:				
Community services	250	250	248	2
Total expenditures	250	250	248	2
Net change in fund balances	20	20	1,601	1,581
Fund balances, beginning of year	2,981	2,981	2,981	-
FUND BALANCE, END OF YEAR	\$ 3,001	\$ 3,001	\$ 4,582	\$ 1,581

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Hotel Occupancy Tax

For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Other taxes	\$ 915,000	\$ 915,000	\$ 992,027	\$ 77,027
Charges for services	8,200	8,200	2,608	(5,592)
Investment earnings	45,000	45,000	81,270	36,270
Other	25	25	-	(25)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	968,225	968,225	1,075,905	107,680
EXPENDITURES				
Current:				
General government	775,995	875,995	727,362	148,633
Capital outlay	15,000	15,000	-	15,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	790,995	890,995	727,362	163,633
Net change in fund balances	177,230	77,230	348,543	271,313
Fund balances, beginning of year	1,869,208	1,869,208	1,869,208	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	\$ 2,046,438	\$ 1,946,438	\$ 2,217,751	\$ 271,313

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Tree Preservation
For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 115,760	\$ 115,760
Investment earnings	300	300	2,524	2,224
Total revenues	300	300	118,284	117,984
EXPENDITURES				
Current:				
Community services	25,000	25,000	9,800	15,200
Total expenditures	25,000	25,000	9,800	15,200
Net change in fund balances	(24,700)	(24,700)	108,484	133,184
Fund balances, beginning of year	34,740	34,740	34,740	-
FUND BALANCE, END OF YEAR	\$ 10,040	\$ 10,040	\$ 143,224	\$ 133,184

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Animal Control Donation

For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions	\$ 70,000	\$ 70,000	\$ 72,847	\$ 2,847
Investment earnings	4,000	4,000	12,814	8,814
Other	100	100	3,786	3,686
Total revenues	74,100	74,100	89,447	15,347
EXPENDITURES				
Current:				
Public safety	83,000	83,000	48,223	34,777
Total expenditures	83,000	83,000	48,223	34,777
Net change in fund balances	(8,900)	(8,900)	41,224	50,124
Fund balances, beginning of year	226,661	226,661	226,661	-
FUND BALANCE, END OF YEAR	\$ 217,761	\$ 217,761	\$ 267,885	\$ 50,124

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Public Access Channel

For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Franchise fees	\$ 150,000	\$ 150,000	\$ 205,671	\$ 55,671
Investment earnings	25,000	25,000	53,428	28,428
Total revenues	175,000	175,000	259,099	84,099
EXPENDITURES				
Current:				
General government	25,000	35,475	31,453	4,022
Capital outlay	175,000	164,526	-	164,526
Total expenditures	200,000	200,001	31,453	168,548
Net change in fund balances	(25,000)	(25,001)	227,646	252,647
Fund balances, beginning of year	1,048,106	1,048,106	1,048,106	-
FUND BALANCE, END OF YEAR	\$ 1,023,106	\$ 1,023,105	\$ 1,275,752	\$ 252,647

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – 4B Park Maintenance and Operations

For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 507,500	\$ 507,500	\$ 437,768	\$ (69,732)
Contributions	2,136,420	2,136,420	2,064,316	(72,104)
Investment earnings	50,000	50,000	23,974	(26,026)
Other	-	-	215,072	215,072
Total revenues	2,693,920	2,693,920	2,741,130	47,210
EXPENDITURES				
Current:				
Community services	2,161,131	2,161,131	1,878,172	282,959
Debt service				
Principal	450,000	450,000	465,159	(15,159)
Interest and fiscal charges	131,600	131,600	132,998	(1,398)
Total expenditures	2,742,731	2,742,731	2,476,329	266,402
Excess (deficiency) of revenues over (under) expenditures	(48,811)	(48,811)	264,801	313,612
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,000)	(10,000)	(10,000)	-
Total other financing sources (uses)	(10,000)	(10,000)	(10,000)	-
Net change in fund balances	(58,811)	(58,811)	254,801	313,612
Fund balances, beginning of year	771,438	771,438	771,438	-
FUND BALANCE, END OF YEAR	\$ 712,627	\$ 712,627	\$ 1,026,239	\$ 313,612

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Public Safety Technology

For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 250	\$ 250	\$ 113	\$ (137)
Other	384,990	384,990	317,629	(67,361)
Total revenues	385,240	385,240	317,742	(67,498)
EXPENDITURES				
Current:				
General government	210,920	210,920	103,799	107,121
Public safety	207,294	232,430	218,741	13,689
Total expenditures	418,214	443,350	322,540	120,810
Net change in fund balances	(32,974)	(58,110)	(4,798)	53,312
Fund balances, beginning of year	97,191	97,191	97,191	-
FUND BALANCE, END OF YEAR	\$ 64,217	\$ 39,081	\$ 92,393	\$ 53,312

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Technology
For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 31,320	\$ 31,320
Total revenues	-	-	31,320	31,320
EXPENDITURES				
Current:				
General government	-	64,481	88,321	(23,840)
Capital outlay	305,000	511,732	201,456	310,276
Total expenditures	305,000	576,213	289,777	286,436
Net change in fund balances	(305,000)	(576,213)	(258,457)	317,756
Fund balances, beginning of year	669,038	669,038	669,038	-
FUND BALANCE, END OF YEAR	\$ 364,038	\$ 92,825	\$ 410,581	\$ 317,756

City of League City, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – EMS/Fire Donation
For the Fiscal Year Ended September 30, 2025

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions	\$ 22,000	\$ 22,000	\$ 9,735	\$ (12,265)
Investment earnings	4,000	4,000	3,874	(126)
Other	40,000	40,000	-	(40,000)
Total revenues	66,000	66,000	13,609	(52,391)
EXPENDITURES				
Current:				
Public safety	44,000	44,000	1,690	42,310
Total expenditures	44,000	44,000	1,690	42,310
Net change in fund balances	22,000	22,000	11,919	(10,081)
Fund balances, beginning of year	93,525	93,525	93,525	-
FUND BALANCE, END OF YEAR	\$ 115,525	\$ 115,525	\$ 105,444	\$ (10,081)

City of League City, Texas

Internal Service Funds

September 30, 2025

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City and to other government units on a cost reimbursement basis.

Motor Pool Fund - This internal service fund is used to account for maintenance of the City's fleet. Its customers are City departments and its primary revenue source is payments from those departments for vehicle and equipment maintenance.

Employee Benefit Fund - This internal service fund is used to account for the costs associated with the City's employee health insurance program. The primary revenue source is payments from City departments, employees, and retirees for health insurance premiums.

Capital Replacement Fund - This internal service fund is used to account for the funds used to purchase vehicles and equipment for the City's fleet. Its customers are City departments, and its primary revenue source is payments from those departments for capital replacement.

City of League City, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2025

	Motor Pool Fund	Employee Benefit Fund	Capital Replacement Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,396,222	\$ 1,636,401	\$ 1,524,504	\$ 4,557,127
Investments	-	3,627,803	8,817,170	12,444,973
Receivables, net of allowance	-	177,786	39,602	217,388
Inventories	98,064	-	-	98,064
Total current assets	1,494,286	5,441,990	10,381,276	17,317,552
Noncurrent assets:				
Capital assets - depreciable, net	204,752	-	11,101,865	11,306,617
Total noncurrent assets	204,752	-	11,101,865	11,306,617
Total assets	1,699,038	5,441,990	21,483,141	28,624,169
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 147,414	\$ 630,022	\$ 250,743	\$ 1,028,179
Accrued liabilities	20,042	8,429	-	28,471
Claims payable, current	-	528,912	-	528,912
Total liabilities	167,456	1,167,363	250,743	1,585,562
NET POSITION				
Investment in capital assets	204,752	-	11,101,865	11,306,617
Unrestricted	1,326,830	4,274,627	10,130,533	15,731,990
TOTAL NET POSITION	\$ 1,531,582	\$ 4,274,627	\$ 21,232,398	\$ 27,038,607

City of League City, Texas

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended September 30, 2025

	Motor Pool Fund	Employee Benefit Fund	Capital Replacement Fund	Total
OPERATING REVENUES				
Charges for services	\$ 2,303,823	\$ 11,525,097	\$ 2,551,958	\$ 16,380,878
Other	73,516	-	-	73,516
Total operating revenues	2,377,339	11,525,097	2,551,958	16,454,394
OPERATING EXPENSES				
Personnel services	888,700	-	-	888,700
Materials, supplies and contracted services	101,623	1,268,456	-	1,370,079
Utilities	5,501	-	-	5,501
Repairs and maintenance	1,037,276	-	-	1,037,276
Other operating expenses	12,738	2,000	-	14,738
Depreciation and amortization	22,728	-	1,754,632	1,777,360
Self insurance claims	-	10,783,292	-	10,783,292
Total operating expenses	2,068,566	12,053,748	1,754,632	15,876,946
Operating income (loss)	308,773	(528,651)	797,326	577,448
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	55,566	238,756	433,061	727,383
Gain (loss) on disposal of capital assets	-	-	170,903	170,903
Total non-operating revenues (expenses)	55,566	238,756	603,964	898,286
Change in net position	364,339	(289,895)	1,401,290	1,475,734
Net position, beginning of year	1,167,243	4,564,522	19,831,108	25,562,873
NET POSITION, END OF YEAR	\$ 1,531,582	\$ 4,274,627	\$ 21,232,398	\$ 27,038,607

City of League City, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2025

	Motor Pool Fund	Employee Benefit Fund	Capital Replacement Fund	Total
OPERATING ACTIVITIES				
Receipts from interfund charges	\$ 2,303,823	\$ 11,364,923	\$ 2,588,045	\$ 16,256,791
Other receipts	73,516	-	-	73,516
Payments to suppliers and service providers	(1,099,317)	(1,172,192)	-	(2,271,509)
Payments to employees for salaries and benefits	(883,773)	-	-	(883,773)
Payments for claims	-	(10,975,032)	-	(10,975,032)
	<u>394,249</u>	<u>(782,301)</u>	<u>2,588,045</u>	<u>2,199,993</u>
Net cash provided by (used for) operating activities				
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(14,250)	-	(3,615,068)	(3,629,318)
Proceeds from sale of capital assets	-	-	301,082	301,082
	<u>(14,250)</u>	<u>-</u>	<u>(3,313,986)</u>	<u>(3,328,236)</u>
Net cash used for capital and related financing activities				
INVESTING ACTIVITIES				
Interest received	55,139	169,991	380,118	605,248
Investment purchases	-	(2,602,954)	(2,958,808)	(5,561,762)
Investments sales / maturities	250,000	1,500,000	1,750,000	3,500,000
	<u>305,139</u>	<u>(932,963)</u>	<u>(828,690)</u>	<u>(1,456,514)</u>
Net cash provided by (used for) investing activities				
Net change in cash and cash equivalents	685,138	(1,715,264)	(1,554,631)	(2,584,757)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>711,084</u>	<u>3,351,665</u>	<u>3,079,135</u>	<u>7,141,884</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,396,222</u>	<u>\$ 1,636,401</u>	<u>\$ 1,524,504</u>	<u>\$ 4,557,127</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 308,773	\$ (528,651)	\$ 797,326	\$ 577,448
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	22,728	-	1,754,632	1,777,360
(Increase) decrease in assets:				
Receivables, net	-	(160,174)	36,087	(124,087)
Inventories	(26,246)	-	-	(26,246)
Increase (decrease) in liabilities				
Accounts payable	84,067	99,689	-	183,756
Accrued liabilities	4,927	(1,425)	-	3,502
Claims payable	-	(191,740)	-	(191,740)
	<u>394,249</u>	<u>(782,301)</u>	<u>2,588,045</u>	<u>2,199,993</u>
NET CASH PROVIDED (USED FOR) BY OPERATING ACTIVITIES				
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset purchases on account	\$ -	\$ -	\$ 250,743	\$ 250,743

Statistical Section



Statistical Section
(Unaudited)

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<u>Page</u>
Financial Trends – Schedules 1-4	142
<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
Revenue Capacity – Schedules 5-8	152
<p>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</p>	
Debt Capacity – Schedules 9-13	158
<p>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</p>	
Demographic and Economic Information – Schedules 14-16	168
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
Operating Information – Schedules 17-18	172
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</p>	

City of League City, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018**	2019
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 210,852,940	\$ 233,051,773	\$ 258,114,024	\$ 274,249,826
Restricted	18,293,840	22,236,288	20,998,050	25,402,605
Unrestricted	<u>24,656,989</u>	<u>24,732,193</u>	<u>25,020,050</u>	<u>22,784,326</u>
Total governmental activities net position	253,803,769	280,020,254	304,132,124	322,436,757
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	203,361,130	220,085,019	235,774,211	204,936,483
Restricted	4,367,845	4,659,939	4,777,087	3,502,807
Unrestricted	<u>5,490,940</u>	<u>8,147,976</u>	<u>9,233,083</u>	<u>54,445,827</u>
Total business-type activities net position	213,219,915	232,892,934	249,784,381	262,885,117
PRIMARY GOVERNMENT				
Net investment in capital assets	414,214,070	453,136,792	493,888,235	479,186,309
Restricted	22,661,685	26,896,227	25,775,137	28,905,412
Unrestricted	<u>30,147,929</u>	<u>32,880,169</u>	<u>34,253,133</u>	<u>77,230,153</u>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 467,023,684</u>	<u>\$ 512,913,188</u>	<u>\$ 553,916,505</u>	<u>\$ 585,321,874</u>

* Beginning net position for governmental and business-type activities for 2025 was restated as a result of the implementation of GASB Statement No. 101, *Compensated Absences*.

** Beginning net position for governmental and business-type activities for 2018 was restated as a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Schedule 1

2020	2021	2022	2023	2024	2025*
\$ 301,796,928	\$ 316,160,653	\$ 353,693,613	\$ 391,465,738	\$ 423,802,325	\$ 488,368,169
31,064,501	34,191,954	31,555,854	29,794,283	23,535,787	24,038,089
22,250,921	26,620,966	41,242,608	56,594,619	76,371,993	81,769,704
355,112,350	376,973,573	426,492,075	477,854,640	523,710,105	594,175,962
226,052,129	240,595,951	256,846,258	290,660,824	322,412,844	349,326,132
4,845,508	-	-	-	4,259,903	4,215,209
45,407,098	46,006,201	51,033,100	44,507,221	22,346,342	22,760,983
276,304,735	286,602,152	307,879,358	335,168,045	349,019,089	376,302,324
527,849,057	556,756,604	610,539,871	682,126,562	746,215,169	837,694,301
35,910,009	34,191,954	31,555,854	29,794,283	27,795,690	28,253,298
67,658,019	72,627,167	92,275,708	101,101,840	98,718,335	104,530,687
<u>\$ 631,417,085</u>	<u>\$ 663,575,725</u>	<u>\$ 734,371,433</u>	<u>\$ 813,022,685</u>	<u>\$ 872,729,194</u>	<u>\$ 970,478,286</u>

City of League City, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2016</u>	<u>2017</u>	<u>2018**</u>	<u>2019</u>
EXPENSES				
Governmental activities:				
General government	\$ 12,708,386	\$ 14,911,180	\$ 15,496,208	\$ 15,975,808
Public safety	25,671,021	29,303,994	30,778,053	31,783,422
Public works	23,489,631	28,656,932	26,773,910	29,096,542
Community services	8,358,265	7,825,726	7,802,691	10,600,334
Interest and fiscal agent fees	4,038,467	3,630,628	3,548,694	3,746,383
Total governmental activities expenses	<u>74,265,770</u>	<u>84,328,460</u>	<u>84,399,556</u>	<u>91,202,489</u>
Business-type activities:				
Water and wastewater	28,164,959	26,386,028	27,490,185	27,059,247
League city ballpark	-	-	-	-
Total business-type activities expenses	<u>28,164,959</u>	<u>26,386,028</u>	<u>27,490,185</u>	<u>27,059,247</u>
Total primary government expenses	<u>102,430,729</u>	<u>110,714,488</u>	<u>111,889,741</u>	<u>118,261,736</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services				
General government	6,568,148	5,895,457	6,309,066	-
Public safety	2,728,878	2,088,921	2,011,329	3,774,137
Public works	2,408,102	3,247,930	3,641,196	11,859,720
Community services	1,244,372	1,068,370	1,296,163	909,908
Operating grants and contributions	4,355,948	5,561,294	7,687,939	2,967,240
Capital grants and contributions	20,712,430	23,342,227	14,169,985	8,037,406
Total governmental activities program revenues	<u>38,017,878</u>	<u>41,204,199</u>	<u>35,115,678</u>	<u>27,548,411</u>
Business-type activities:				
Charges for services				
Water and wastewater	39,122,016	41,567,521	42,867,272	39,029,591
League city ballpark	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	5,848,786	6,607,132	4,496,907	2,686,612
Total business-type activities program revenues	<u>44,970,802</u>	<u>48,174,653</u>	<u>47,364,179</u>	<u>41,716,203</u>
Total primary government program revenues	<u>82,988,680</u>	<u>89,378,852</u>	<u>82,479,857</u>	<u>69,264,614</u>
NET (EXPENSE/REVENUE)				
Governmental activities	(36,247,892)	(43,124,261)	(49,283,878)	(63,654,078)
Business-type activities	16,805,843	21,788,625	19,873,994	14,656,956
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ (19,442,049)</u>	<u>\$ (21,335,636)</u>	<u>\$ (29,409,884)</u>	<u>\$ (48,997,122)</u>

	2020	2021	2022	2023	2024	2025*
\$	15,884,893	\$ 17,804,102	\$ 18,651,470	\$ 20,974,036	\$ 20,518,882	\$ 24,204,294
	32,599,855	34,123,481	33,663,627	39,360,758	42,377,704	44,921,959
	26,005,043	26,914,023	30,012,343	31,920,049	32,297,786	33,007,265
	10,802,477	11,741,041	11,707,900	13,631,802	13,227,912	15,042,893
	4,426,280	4,408,917	3,704,991	3,730,137	3,623,477	3,136,505
	89,718,548	94,991,564	97,740,331	109,616,782	112,045,761	120,312,916
	29,253,319	28,971,952	29,996,923	35,499,769	41,033,122	43,117,006
	-	-	-	-	4,792,832	3,165,915
	29,253,319	28,971,952	29,996,923	35,499,769	45,825,954	46,282,921
	118,971,867	123,963,516	127,737,254	145,116,551	157,871,715	166,595,837
	-	-	-	-	401,687	396,242
	2,870,986	3,420,759	4,249,203	4,321,654	3,477,670	4,021,868
	12,733,392	12,053,219	12,523,736	13,927,871	9,524,746	10,262,949
	934,035	1,669,348	2,054,283	3,912,070	1,171,611	1,240,805
	8,615,070	5,852,877	4,575,898	7,429,747	14,273,228	12,701,885
	8,261,934	2,522,052	31,802,045	29,491,297	15,404,254	54,594,223
	33,415,417	25,518,255	55,205,165	59,082,639	44,253,196	83,217,972
	42,138,851	42,760,305	44,908,507	51,747,625	53,638,426	57,780,638
	-	-	-	-	2,789,936	4,772,930
	12,395	24,790	-	643,374	-	49,836
	4,141,165	1,027,435	10,813,900	13,678,601	4,060,978	14,028,156
	46,292,411	43,812,530	55,722,407	66,069,600	60,489,340	76,631,560
	79,707,828	69,330,785	110,927,572	125,152,239	104,742,536	159,849,532
	(56,303,131)	(69,473,309)	(42,535,166)	(50,534,143)	(67,792,565)	(37,094,944)
	17,039,092	14,840,578	25,725,484	30,569,831	14,663,386	30,348,639
\$	<u>(39,264,039)</u>	<u>(54,632,731)</u>	<u>(16,809,682)</u>	<u>(19,964,312)</u>	<u>(53,129,179)</u>	<u>(6,746,305)</u>

City of League City, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2016</u>	<u>2017</u>	<u>2018**</u>	<u>2019</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Ad valorem taxes	\$ 37,399,738	\$ 40,748,850	\$ 44,795,450	\$ 44,999,295
Sales taxes	16,540,938	17,655,640	20,194,495	19,601,376
Franchise and other taxes	6,310,103	6,814,218	7,073,151	7,006,665
Special assessments	-	-	-	-
Gain on sale of capital assets	1,015,762	-	63,775	103,448
Investment earnings (loss), net	265,120	624,550	1,403,426	2,433,285
Other	301,647	950,313	1,599,979	4,502,642
Transfers	2,831,158	2,553,175	3,165,089	3,312,000
	<u>64,664,466</u>	<u>69,346,746</u>	<u>78,295,365</u>	<u>81,958,711</u>
Total governmental activities				
Business-type activities:				
Gain on sale of capital assets	5,984	-	5,689	1,819
Investment earnings (loss), net	239,106	437,569	1,017,809	1,753,961
Other	-	-	-	-
Transfers	(2,831,158)	(2,553,175)	(3,165,089)	(3,312,000)
	<u>(2,586,068)</u>	<u>(2,115,606)</u>	<u>(2,141,591)</u>	<u>(1,556,220)</u>
Total business-type activities				
Total primary government	62,078,398	67,231,140	76,153,774	80,402,491
CHANGE IN NET POSITION				
Governmental activities	28,416,574	26,222,485	29,011,487	18,304,633
Business-type activities	14,219,775	19,673,019	17,732,403	13,100,736
	<u>42,636,349</u>	<u>45,895,504</u>	<u>46,743,890</u>	<u>31,405,369</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 42,636,349</u>	<u>\$ 45,895,504</u>	<u>\$ 46,743,890</u>	<u>\$ 31,405,369</u>

* Beginning net position for governmental and business-type activities for 2025 was restated as a result of the implementation of GASB Statement No. 101, *Compensated Absences*.

** Beginning net position for governmental and business-type activities for 2018 was restated as a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

	2020	2021	2022	2023	2024	2025*
\$	47,132,177	\$ 48,703,833	\$ 48,623,693	\$ 48,617,759	\$ 50,037,057	\$ 48,953,194
	25,146,874	27,992,166	30,334,581	31,301,619	33,678,478	34,601,371
	6,470,968	6,705,925	7,137,928	7,208,890	7,138,671	7,231,155
	-	-	-	-	865,783	869,458
	-	-	4,187	174,139	192,078	200,039
	1,266,888	185,165	(1,319,776)	5,893,746	10,369,054	6,835,550
	4,450,304	3,384,272	2,999,816	4,411,405	7,230,950	4,503,066
	4,511,513	4,454,257	4,273,239	4,385,959	4,135,959	5,247,448
	<u>88,978,724</u>	<u>91,425,618</u>	<u>92,053,668</u>	<u>101,993,517</u>	<u>113,648,030</u>	<u>108,441,281</u>
	15,725	10,522	7,202	9,613	21,447	2,681
	876,314	120,246	(182,241)	1,799,850	3,015,668	1,900,162
	-	-	-	-	286,502	415,448
	<u>(4,511,513)</u>	<u>(4,454,257)</u>	<u>(4,273,239)</u>	<u>(4,385,959)</u>	<u>(4,135,959)</u>	<u>(5,247,448)</u>
	<u>(3,619,474)</u>	<u>(4,323,489)</u>	<u>(4,448,278)</u>	<u>(2,576,496)</u>	<u>(812,342)</u>	<u>(2,929,157)</u>
	85,359,250	87,102,129	87,605,390	99,417,021	112,835,688	105,512,124
	32,675,593	21,952,309	49,518,502	51,459,374	45,855,465	71,346,337
	13,419,618	10,517,089	21,277,206	27,993,335	13,851,044	27,419,482
\$	<u>46,095,211</u>	<u>\$ 32,469,398</u>	<u>\$ 70,795,708</u>	<u>\$ 79,452,709</u>	<u>\$ 59,706,509</u>	<u>\$ 98,765,819</u>

City of League City, Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GENERAL FUND				
Nonspendable	\$ 188,447	\$ 164,506	\$ 182,862	\$ 192,907
Assigned	17,242,765	21,996,295	21,703,895	-
Unassigned	<u>11,010,955</u>	<u>1,481,202</u>	<u>4,198,865</u>	<u>25,972,116</u>
Total general fund	28,442,167	23,642,003	26,085,622	26,165,023
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ 32,132	\$ 27,257	\$ 32,076	\$ 34,011
Restricted	33,730,505	38,910,599	33,139,913	39,695,518
Committed	-	-	-	-
Assigned	10,344,309	16,486,726	16,806,793	19,799,756
Unassigned (deficit)	<u>(654,829)</u>	<u>(496,200)</u>	<u>(228,318)</u>	<u>-</u>
Total all other governmental funds	<u>43,452,117</u>	<u>54,928,382</u>	<u>49,750,464</u>	<u>59,529,285</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$ 71,894,284</u>	<u>\$ 78,570,385</u>	<u>\$ 75,836,086</u>	<u>\$ 85,694,308</u>

Schedule 3

2020	2021	2022	2023	2024	2025
\$ 224,173	\$ 602,112	\$ 364,091	\$ 510,220	\$ 504,950	\$ 504,164
-	-	-	-	79,853	109,027
<u>25,518,987</u>	<u>25,870,470</u>	<u>26,042,463</u>	<u>27,737,355</u>	<u>33,805,321</u>	<u>35,887,124</u>
25,743,160	26,472,582	26,406,554	28,247,575	34,390,124	36,500,315
\$ 38,861	\$ 21,090	\$ 67,859	\$ 95,044	\$ 93,801	\$ 41,640
81,426,367	99,188,577	81,017,818	61,536,845	53,772,562	48,293,814
-	-	-	-	55,112,587	60,538,138
18,842,416	19,472,661	31,992,482	58,540,691	-	-
<u>-</u>	<u>-</u>	<u>(3,630)</u>	<u>-</u>	<u>(45,692)</u>	<u>(34,793)</u>
<u>100,307,644</u>	<u>118,682,328</u>	<u>113,074,529</u>	<u>120,172,580</u>	<u>108,933,258</u>	<u>108,838,799</u>
<u>\$ 126,050,804</u>	<u>\$ 145,154,910</u>	<u>\$ 139,481,083</u>	<u>\$ 148,420,155</u>	<u>\$ 143,323,382</u>	<u>\$ 145,339,114</u>

City of League City, Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES				
Ad valorem taxes	\$ 37,428,373	\$ 40,711,410	\$ 43,953,576	\$ 45,039,760
Sales taxes	16,540,938	17,655,640	20,194,495	19,601,376
Franchise fees	5,621,836	5,837,327	5,985,677	5,979,785
Other taxes	688,267	976,891	1,087,474	1,026,880
Special assessments	4,689,863	1,461,226	1,389,207	1,570,230
Licenses and permits	2,574,942	3,112,914	3,329,320	2,123,803
Fines and forfeitures	1,871,177	1,781,915	1,763,376	2,845,117
Charges for services	8,714,328	8,290,614	9,250,635	1,671,963
Intergovernmental	1,426,939	5,363,857	945,224	4,041,223
Contributions	1,156,337	2,231,400	2,266,216	5,419,528
Investment earnings (loss), net	241,720	567,800	1,266,660	2,229,416
Other	5,195,175	1,777,252	2,934,914	9,822,958
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	86,149,895	89,768,246	94,366,774	101,372,039
EXPENDITURES				
General government	12,143,565	14,387,420	14,919,019	15,412,789
Public safety	24,005,851	26,864,989	29,065,926	29,761,071
Public works	19,229,404	22,175,680	20,334,500	20,318,540
Community services	6,156,407	6,250,712	6,619,068	10,031,724
Capital outlay	11,840,166	12,118,102	16,316,105	18,647,412
Debt service:				
Principal	7,409,065	8,880,044	8,771,026	8,312,990
Interest and fiscal charges	4,464,178	4,097,258	4,144,225	4,226,398
Bond issuance costs	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	85,248,636	94,774,205	100,169,869	106,710,924
Excess (deficiency) of revenues over (under) expenditures	901,259	(5,005,959)	(5,803,095)	(5,338,885)
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	24,705,000	8,730,000	-	11,165,000
Premium on bonds	2,716,692	735,493	-	567,196
Payment to refunding bond escrow agent	(17,441,188)	-	-	-
Proceeds from sale of capital assets	993,546	81,646	30,169	152,911
Transfers in	5,434,250	18,082,000	13,525,822	12,232,000
Transfers out	(3,017,242)	(15,947,079)	(10,487,195)	(8,920,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	13,391,058	11,682,060	3,068,796	15,197,107
NET CHANGE IN FUND BALANCE	\$ 14,292,317	\$ 6,676,101	\$ (2,734,299)	\$ 9,858,222
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	16.17%	15.89%	15.48%	14.34%

Schedule 4

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$	47,173,847	\$ 49,005,112	\$ 48,667,311	\$ 48,560,173	\$ 49,926,086	\$ 48,920,436
	25,146,874	27,992,166	30,334,581	31,301,619	33,678,478	34,601,371
	5,752,086	5,720,874	5,891,444	5,857,144	5,592,222	5,737,790
	718,882	985,051	1,246,484	1,351,746	1,546,449	1,493,365
	1,975,741	1,638,923	1,430,772	1,111,814	865,783	869,458
	3,161,640	1,530,358	2,571,046	3,218,058	4,214,952	3,834,046
	1,109,818	2,838,015	1,433,198	1,702,128	2,100,471	2,104,085
	10,327,148	1,203,853	13,296,904	15,942,939	15,679,114	19,839,864
	6,926,913	3,400,236	3,600,932	4,958,687	8,650,218	5,798,143
	1,688,157	3,526,872	1,782,381	1,642,731	2,099,480	2,147,722
	1,167,630	177,495	(1,067,781)	5,378,558	9,364,071	6,108,167
	5,157,806	11,641,236	3,085,162	4,187,614	7,230,950	4,503,066
	<u>110,306,542</u>	<u>109,660,191</u>	<u>112,272,434</u>	<u>125,213,211</u>	<u>140,948,274</u>	<u>135,957,513</u>
	15,862,178	18,047,146	19,029,624	20,383,956	22,795,322	22,299,288
	31,693,272	32,787,363	32,995,252	36,533,789	41,304,324	42,199,793
	18,494,316	19,033,159	21,913,559	20,938,932	23,878,721	23,031,383
	10,080,622	11,030,490	10,957,839	11,981,969	12,368,776	13,140,189
	34,747,636	25,375,559	22,707,734	36,801,149	34,273,133	23,232,427
	9,023,971	9,390,000	10,169,846	10,114,138	10,319,898	10,491,762
	5,252,178	4,652,848	5,244,593	4,841,570	5,289,057	4,823,523
	-	1,041,152	-	332,726	-	-
	<u>125,154,173</u>	<u>121,357,717</u>	<u>123,018,447</u>	<u>141,928,229</u>	<u>150,229,231</u>	<u>139,218,365</u>
	(14,847,631)	(11,697,526)	(10,746,013)	(16,715,018)	(9,280,957)	(3,260,852)
	55,895,000	45,065,312	-	19,550,000	-	-
	6,551,302	7,674,301	-	1,682,726	-	-
	(11,670,000)	(26,405,000)	-	-	-	-
	66,312	12,762	37,125	35,405	48,225	29,136
	20,163,338	17,940,386	21,195,207	17,662,909	36,768,542	18,350,135
	(15,801,825)	(13,486,129)	(16,921,968)	(13,276,950)	(32,632,583)	(13,102,687)
	<u>55,204,127</u>	<u>30,801,632</u>	<u>4,310,364</u>	<u>25,654,090</u>	<u>4,184,184</u>	<u>5,276,584</u>
\$	<u>40,356,496</u>	<u>\$ 19,104,106</u>	<u>\$ (6,435,649)</u>	<u>\$ 8,939,072</u>	<u>\$ (5,096,773)</u>	<u>\$ 2,015,732</u>
	15.79%	14.63%	15.37%	14.01%	13.46%	13.20%

City of League City, Texas

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
DIRECT RATES				
City of League City:				
Operating tax rate	\$ 0.400992	\$ 0.410497	\$ 0.413360	\$ 0.413798
Debt service tax rate	0.172508	0.159503	0.151640	0.150002
Total direct rates	0.573500	0.570000	0.565000	0.563800
OVERLAPPING RATES				
Clear Creek Independent School District	1.400000	1.400000	1.400000	1.400000
College of the Mainland, Jr. College District	0.202307	0.208376	0.216791	0.212755
Dickinson Independent School District	1.540000	1.540000	1.520000	1.520000
Santa Fe Independent School District	1.416700	1.402300	1.402300	1.402300
Galveston County (includes Road and Flood)	0.567000	0.552000	0.551900	0.531898
Galveston Co. Mun. Utility District No. 6	0.460000	0.460000	0.420000	0.250000
Galveston Co. Mun. Utility District No. 13	0.360000	0.295000	-	-
Galveston Co. Mun. Utility District No. 14	0.710000	0.690000	0.690000	0.680000
Galveston Co. Mun. Utility District No. 15	0.660000	0.580000	0.570000	0.510000
Tara Glen Mun. Utility District	0.570000	0.560000	0.550000	0.550000
Bay Colony West Mun. Utility District	1.000000	1.000000	1.000000	0.490000
Galveston Co. Mun. Utility District No. 39	0.800000	0.680000	0.620000	0.610000
Galveston Co. Mun. Utility District No. 43	1.000000	0.960000	0.770000	0.730000
Galveston Co. Mun. Utility District No. 44	0.800000	0.800000	0.800000	0.800000
Galveston Co. Mun. Utility District No. 45	1.000000	1.000000	0.950000	0.930000
Galveston Co. Mun. Utility District No. 46	0.980000	0.970000	0.930000	0.870000
South Shore Harbour Mun. Utility District No. 7	0.490000	0.450000	0.390000	0.390000
Westwood Management District	1.000000	1.000000	1.000000	1.000000
Total overlapping rates	14.956007	14.547676	13.780991	12.876953
TOTAL DIRECT AND OVERLAPPING RATES	\$ 15.529507	\$ 15.117676	\$ 14.345991	\$ 13.440753

Tax rates per \$100 of assessed valuation
 Source: Galveston County Appraisal District

Schedule 5

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 0.404181	\$ 0.390126	\$ 0.352826	\$ 0.315726	\$ 0.324200	\$ 0.309500
0.144400	0.124874	0.112700	0.099800	0.070800	0.059500
0.548581	0.515000	0.465526	0.415526	0.395000	0.369000
1.310000	1.265900	1.179700	1.114600	0.974600	0.969000
0.204254	0.241963	0.267700	0.267620	0.268500	0.267100
1.450000	1.344000	1.312000	1.294000	1.178000	1.136000
1.332300	1.281600	1.234300	1.216900	1.100300	1.141400
0.504396	0.475900	0.424500	0.376030	0.341900	0.333500
0.230000	0.210000	0.197000	0.120000	0.110000	0.103800
-	-	-	-	-	-
0.590000	0.540000	0.420000	0.395000	0.360000	0.248000
0.460000	0.430000	0.315000	-	-	-
0.430000	0.240000	-	-	-	-
1.000000	1.000000	0.980000	0.930000	0.900000	0.890000
0.570000	0.530000	0.500000	0.450000	0.405000	0.380000
0.730000	0.650000	0.600000	0.570000	0.500000	0.450000
0.800000	0.780000	0.760000	0.750000	0.650000	0.550000
0.900000	0.850000	0.830000	0.800000	0.760000	0.730000
0.850000	0.790000	0.730000	0.670000	0.600000	0.565000
0.380000	0.770000	0.382400	0.378850	0.411200	0.390000
1.000000	1.000000	1.000000	0.990000	0.970000	0.960000
12.740950	12.399363	11.132600	10.323000	9.529500	9.113800
\$ 13.289531	\$ 12.914363	\$ 11.598126	\$ 10.738526	\$ 9.924500	\$ 9.482800

City of League City, Texas

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential property	\$ 6,404,577,171	\$ 7,127,518,150	\$ 7,859,837,721	\$ 8,216,196,368
Commercial property	1,243,223,837	1,365,971,187	1,480,412,063	1,538,506,481
Personal property	451,239,845	524,306,460	487,415,136	467,399,020
Less: Tax exempt property	<u>(2,016,561,432)</u>	<u>(2,127,699,358)</u>	<u>(2,439,354,108)</u>	<u>(2,381,773,347)</u>
TOTAL TAXABLE ASSESSED VALUE ⁽¹⁾	<u>\$ 6,082,479,421</u>	<u>\$ 6,890,096,439</u>	<u>\$ 7,388,310,812</u>	<u>\$ 7,840,328,522</u>
TOTAL DIRECT TAX RATE	\$ 0.573500	\$ 0.570000	\$ 0.565000	\$ 0.563800

Source: Finance Department of the City

(1) Property is assessed at 100% of the actual taxable value.
Tax rates are per \$100 of assessed value.

Schedule 6

2020	2021	2022	2023	2024	2025
\$ 9,020,645,524	\$ 9,968,868,020	\$ 11,116,192,843	\$ 12,736,394,737	\$ 13,855,523,043	\$ 15,117,530,414
1,602,661,786	1,874,656,234	2,616,691,267	2,868,812,713	3,068,044,135	3,278,487,529
536,350,374	546,931,611	528,171,661	538,889,564	565,601,211	675,492,187
<u>(2,700,120,584)</u>	<u>(3,153,907,955)</u>	<u>(3,831,429,156)</u>	<u>(4,361,734,538)</u>	<u>(4,951,014,631)</u>	<u>(5,701,833,146)</u>
<u>\$ 8,459,537,100</u>	<u>\$ 9,236,547,910</u>	<u>\$ 10,429,626,615</u>	<u>\$ 11,782,362,476</u>	<u>\$ 12,538,153,758</u>	<u>\$ 13,369,676,984</u>
\$ 0.548581	\$ 0.515000	\$ 0.465526	\$ 0.415526	\$ 0.395000	\$ 0.369000

City of League City, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago

Schedule 7

Property Tax Payer	2025			2016		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Value
Texas-New Mexico Power Co.	\$ 80,664,730	1	0.60%	\$ 41,195,964	2	0.68%
VL Town Center Associates LLC	61,768,860	2	0.46%	-	-	-
CAF Victory Owner LLC	54,500,000	3	0.41%	-	-	-
PRIII TRG Beacon Island Owner LP	50,000,000	4	0.37%	-	-	-
Centennial South Shore LP	48,782,000	5	0.36%	-	-	-
KV Beacon Lakes Apartments LLC	48,650,000	6	0.36%	-	-	-
HZ Signature Point Dist	45,969,100	7	0.34%	-	-	-
W Walker Street TX Partners LLC	45,000,000	8	0.34%	-	-	-
TL II Apartments LLC	42,000,100	9	0.31%	-	-	-
TPI LCTC Retail LLC (84.4121%)	41,664,030	10	0.31%	-	-	-
Highbridge at Egret Bay Apartments LLC	37,779,100	11	0.28%	-	-	-
VR South Shore Holdings	37,500,000	12	0.28%	-	-	-
VR Fairways Holdings LP	35,929,892	13	0.27%	22,859,680	7	0.38%
American National Insurance Co.	32,707,700	14	0.24%	24,510,750	4	0.40%
Senior Living At Tuscan Lakes LLC	30,000,000	15	0.22%	-	-	-
Ravello-CCTL3 Master LLC & Ravi Tuscan LP	30,000,000	16	0.22%	-	-	-
True Capital Waterford LLC	30,000,000	17	0.22%	-	-	-
RLP III League City LLC	29,591,800	18	0.22%	-	-	-
LCP MFI Grand Villas LLC	29,395,885	19	0.22%	-	-	-
REEV I Moorings LLC	28,108,100	20	0.21%	-	-	-
Komatsu America Corp	-	-	-	71,735,318	1	1.18%
Amalfi & Sorrento Prop LLC	-	-	-	34,219,200	3	0.56%
Inland America LC Victory Lakes	-	-	-	23,527,960	5	0.39%
Pure Walker Commons LLC	-	-	-	22,874,700	6	0.38%
Excel League City LLC	-	-	-	22,346,930	8	0.37%
Strata Beacon LLC	-	-	-	22,206,540	9	0.37%
GS Haven South Shore LP	-	-	-	19,951,550	10	0.33%
Subtotal	840,011,297		6.28%	305,428,592		5.02%
Other Taxpayers	12,529,665,687		93.72%	5,777,050,829		94.98%
TOTAL TAXABLE ASSESSED VALUE	\$ 13,369,676,984		100.00%	\$ 6,082,479,421		100.00%

Source: Galveston Central Appraisal District

City of League City, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Schedule 8

Fiscal Year	Tax Year	Tax Rate	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Periods	Total Collections to date	
				Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections To Net Tax Levy
2016	2015	0.5735	\$ 37,134,046	\$ 36,919,979	99.42%	\$ 182,806	\$ 37,102,785	99.92%
2017	2016	0.5700	40,541,899	40,293,280	99.39%	207,599	40,500,879	99.90%
2018	2017	0.5650	43,832,366	43,549,227	99.35%	235,507	43,784,734	99.89%
2019	2018	0.5638	45,024,091	44,717,496	99.32%	260,757	44,978,253	99.90%
2020	2019	0.5486	47,123,323	46,840,920	99.40%	239,620	47,080,540	99.91%
2021	2020	0.5150	48,734,859	48,333,048	99.18%	353,532	48,686,580	99.90%
2022	2021	0.4655	48,747,954	48,466,300	99.42%	223,688	48,689,988	99.88%
2023	2022	0.4155	48,981,547	48,629,832	99.28%	240,909	48,870,741	99.77%
2024	2023	0.3950	50,388,138	49,964,574	99.16%	229,660	50,194,234	99.62%
2025	2024	0.3690	49,144,031	48,754,736	99.21%	-	48,754,736	99.21%

Source: Finance Department records of the City

City of League City, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
PRIMARY GOVERNMENT				
Governmental activities:				
General obligation bonds, net	\$ 46,497,540	\$ 41,992,092	\$ 37,711,226	\$ 33,929,635
Certificates of obligation, net	66,244,845	71,799,667	66,672,702	73,269,452
Leases	-	-	-	-
Total governmental activities	112,742,385	113,791,759	104,383,928	107,199,087
Business-type activities:				
General obligation bonds, net	61,462,497	58,923,145	55,014,773	51,388,364
Certificates of obligation, net	70,597,582	77,518,416	75,289,921	72,671,426
Revenue bonds, net	16,604,072	12,870,678	10,727,283	8,553,889
Contractual obligations	1,251,626	1,018,231	774,836	526,441
Total business-type activities	149,915,777	150,330,470	141,806,813	133,140,120
Total:				
General obligation bonds, net	107,960,037	100,915,237	92,725,999	85,317,999
Certificates of obligation, net	136,842,427	149,318,083	141,962,623	145,940,878
Revenue bonds, net	16,604,072	12,870,678	10,727,283	8,553,889
Contractual obligations	1,251,626	1,018,231	774,836	526,441
Leases	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 262,658,162	\$ 264,122,229	\$ 246,190,741	\$ 240,339,207
ESTIMATED FULL PROPERTY VALUE	\$ 6,082,479,421	\$ 6,890,096,439	\$ 7,388,310,812	\$ 7,840,328,522
PERCENTAGE OF FULL PROPERTY VALUE				
Governmental activities	1.85%	1.65%	1.41%	1.37%
Business-type activities	2.46%	2.18%	1.92%	1.70%
Government-wide	4.32%	3.83%	3.33%	3.07%
POPULATION	100,053	102,635	104,857	106,803
DEBT PER CAPITA				
Governmental activities	\$ 1,127	\$ 1,109	\$ 995	\$ 1,004
Business-type activities	1,498	1,465	1,352	1,247
Government-wide	2,625	2,573	2,348	2,250

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Schedule 9

2020	2021	2022	2023	2024	2025
\$ 91,134,269	\$ 132,325,688	\$ 120,467,813	\$ 132,263,571	\$ 124,256,745	\$ 114,083,735
56,888,979	28,315,495	28,658,085	26,627,638	22,884,390	21,135,688
-	139,666	124,131	109,424	94,493	79,334
148,023,248	160,780,849	149,250,029	159,000,633	147,235,628	135,298,757
54,319,520	61,260,191	83,905,619	76,125,100	67,980,117	59,481,769
69,657,931	66,097,632	32,831,096	30,984,035	79,569,865	77,093,847
-	-	-	-	-	-
268,045	-	6,567,718	11,631,048	20,866,714	20,266,451
124,245,496	127,357,823	123,304,433	118,740,183	168,416,696	156,842,067
145,453,789	193,585,879	204,373,432	208,388,671	192,236,862	173,565,504
126,546,910	94,413,127	61,489,181	57,611,673	102,454,255	98,229,535
-	-	-	-	-	-
268,045	-	6,567,718	11,631,048	20,866,714	20,266,451
-	139,666	124,131	109,424	94,493	79,334
\$ 272,268,744	\$ 288,138,672	\$ 272,554,462	\$ 277,740,816	\$ 315,652,324	\$ 292,140,824
\$ 8,459,537,100	\$ 9,236,547,910	\$ 10,429,626,615	\$ 11,782,362,476	\$ 12,538,153,758	\$ 13,369,676,984
1.75%	1.74%	1.43%	1.35%	1.17%	1.01%
1.47%	1.38%	1.18%	1.01%	1.34%	1.17%
3.22%	3.12%	2.61%	2.36%	2.52%	2.19%
109,087	110,467	116,834	118,740	121,595	123,910
\$ 1,357	\$ 1,455	\$ 1,277	\$ 1,339	\$ 1,211	\$ 1,092
1,139	1,153	1,055	1,000	1,385	1,266
2,496	2,608	2,333	2,339	2,596	2,358

City of League City, Texas

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
NET TAXABLE ASSESSED VALUE				
All property	\$ 6,082,479,421	\$ 6,890,096,439	\$ 7,388,310,812	\$ 7,840,328,522
NET BONDED DEBT				
General obligation bonds	107,960,037	100,915,237	92,725,999	85,317,999
Certificates of obligation	136,842,427	149,318,083	141,962,623	145,940,878
Less: amounts restricted for debt service	<u>(4,114,446)</u>	<u>(4,695,215)</u>	<u>(5,237,130)</u>	<u>(5,061,338)</u>
NET BONDED DEBT	<u>\$ 240,688,018</u>	<u>\$ 245,538,105</u>	<u>\$ 229,451,492</u>	<u>\$ 226,197,539</u>
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	3.96%	3.56%	3.11%	2.89%
POPULATION	100,053	102,635	104,857	106,803
NET BONDED DEBT PER CAPITA	2,406	2,392	2,188	2,118

Source: The City's financial records.

Schedule 10

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 8,459,537,100	\$ 9,236,547,910	\$ 10,429,626,615	\$ 11,782,362,476	\$ 12,538,153,758	\$ 13,369,676,984
145,453,789	193,585,879	204,373,432	208,388,671	192,236,862	173,565,504
126,546,910	94,413,127	61,489,181	57,611,673	102,454,255	98,229,535
(4,179,128)	(3,744,281)	(3,116,891)	(5,220,306)	(9,083,839)	(8,363,138)
<u>\$ 267,821,571</u>	<u>\$ 284,254,725</u>	<u>\$ 262,745,722</u>	<u>\$ 260,780,038</u>	<u>\$ 285,607,278</u>	<u>\$ 263,431,901</u>
3.17%	3.08%	2.52%	2.21%	2.28%	1.97%
109,087	110,467	116,834	118,740	121,595	123,910
2,455	2,573	2,249	2,196	2,349	2,126



City of League City, Texas
 Legal Debt Margin Information - Continued
 Last Ten Fiscal Years

Schedule 11

Governmental Unit	Debt Outstanding	Estimated Percentage Overlapping*	Amount Applicable to Primary Government
Bay Colony West Mun. Utility District	\$ 28,440,000	100.00%	\$ 28,440,000
Clear Creek Independent School District	1,151,620,000	35.79%	412,164,798
College of the Mainland	142,695,000	11.26%	16,067,457
Dickinson Independent School District	435,580,000	29.40%	128,060,520
Galveston Co. Management District No. 1	2,860,000	100.00%	2,860,000
Galveston Co. Management District No. 6	1,870,000	100.00%	1,870,000
Galveston Co. Mun. Utility District No. 14	1,900,000	100.00%	1,900,000
Galveston Co. Mun. Utility District No. 36	20,510,000	100.00%	20,510,000
Galveston Co. Mun. Utility District No. 39	12,125,000	100.00%	12,125,000
Galveston Co. Mun. Utility District No. 43	22,380,000	100.00%	22,380,000
Galveston Co. Mun. Utility District No. 44	25,960,000	100.00%	25,960,000
Galveston Co. Mun. Utility District No. 45	47,240,000	100.00%	47,240,000
Galveston Co. Mun. Utility District No. 46	28,995,000	100.00%	28,995,000
Galveston Co. Mun. Utility District No. 73	10,905,000	100.00%	10,905,000
Galveston County	143,154,091	25.84%	36,991,017
Galveston County WC&ID#1	37,180,000	2.20%	817,960
Galveston County WC&ID#12	21,050,000	**	-
Harris County	2,257,734,736	0.04%	903,094
Harris County Department of Education	28,960,000	0.04%	11,584
Harris County Flood Control District	937,165,000	0.04%	374,866
Harris County Hospital District	867,820,000	0.04%	347,128
Port of Houston Authority	406,509,397	0.04%	162,604
Santa Fe Independent School District	67,240,000	1.32%	887,568
South Shore Harbour Mun. Utility District No. 9	15,875,000	100.00%	15,875,000
Westwood Management District	42,475,000	100.00%	42,475,000
Subtotal, overlapping debt			858,323,596
City direct debt		100.00%	135,298,757
TOTAL DIRECT and OVERLAPPING DEBT			\$ 993,622,353
Population			123,910
Overlapping Debt Per Capita			6,927
Direct and Overlapping Debt Per Capita			8,019

Source: Texas Municipal Advisory Council

* The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value within the taxing jurisdiction by the certified taxable value of the taxing jurisdiction.

** Less than 0.01%

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. This process recognizes that when considering the City's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account. However, this does not imply that every City taxpayer is responsible for repaying the debt of any particular overlapping government.

City of League City, Texas
Legal Debt Margin Information - Continued
Last Ten Fiscal Years

Schedule 11

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt limit*	\$ 608,247,942	\$ 689,009,644	\$ 738,831,081	\$ 784,032,852
Total net debt applicable to limit	<u>108,047,170</u>	<u>108,791,742</u>	<u>99,146,798</u>	<u>102,137,749</u>
LEGAL DEBT MARGIN	<u>500,200,772</u>	<u>580,217,902</u>	<u>639,684,283</u>	<u>681,895,103</u>
Total net debt applicable to the limit as a percentage of debt limit	17.76%	15.79%	13.42%	13.03%
LEGAL DEBT MARGIN CALCULATION				
Assessed value	6,082,479,421	6,890,096,439	7,388,310,812	7,840,328,522
Debt limit (10% of assessed value)	608,247,942	689,009,644	738,831,081	784,032,852
Debt applicable to limit				
General obligation bonds	46,497,540	41,992,092	37,711,226	33,929,635
Certificates of obligation	66,244,845	71,799,667	66,672,702	73,269,452
Less amount set aside for repayment of general obligation debt	<u>(4,695,215)</u>	<u>(5,000,017)</u>	<u>(5,237,130)</u>	<u>(5,061,338)</u>
Total net debt applicable to limit	<u>108,047,170</u>	<u>108,791,742</u>	<u>99,146,798</u>	<u>102,137,749</u>
LEGAL DEBT MARGIN	<u>\$ 500,200,772</u>	<u>\$ 580,217,902</u>	<u>\$ 639,684,283</u>	<u>\$ 681,895,103</u>

* There is no debt limit established by law; therefore, the limit is governed by the City's ability to levy and collect taxes to service the debt. The Attorney General of the State of Texas will not approve more than \$1.00 of the tax rate for the debt service. The City's maximum legal tax is \$2.50 per \$100 valuation assessed at 100% of the market value. Ten percent (10%) of the assessed value has been applied as a "rule of thumb" procedure.

Schedule 12

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 845,953,710	\$ 923,654,791	\$ 1,042,962,662	\$ 1,178,236,248	\$ 1,253,815,376	\$ 1,336,967,698
<u>143,844,120</u>	<u>156,896,902</u>	<u>146,009,007</u>	<u>153,670,903</u>	<u>141,973,530</u>	<u>130,776,261</u>
<u>702,109,590</u>	<u>766,757,889</u>	<u>896,953,655</u>	<u>1,024,565,345</u>	<u>1,111,841,846</u>	<u>1,206,191,437</u>
17.00%	16.99%	14.00%	13.04%	11.32%	9.78%
8,459,537,100	9,236,547,910	10,429,626,615	11,782,362,476	12,538,153,758	13,369,676,984
845,953,710	923,654,791	1,042,962,662	1,178,236,248	1,253,815,376	1,336,967,698
91,134,269	132,325,688	120,467,813	132,263,571	124,256,745	114,083,735
56,888,979	28,315,495	28,658,085	26,627,638	22,884,390	21,135,688
<u>(4,179,128)</u>	<u>(3,744,281)</u>	<u>(3,116,891)</u>	<u>(5,220,306)</u>	<u>(5,167,605)</u>	<u>(4,443,162)</u>
<u>143,844,120</u>	<u>156,896,902</u>	<u>146,009,007</u>	<u>153,670,903</u>	<u>141,973,530</u>	<u>130,776,261</u>
<u>\$ 702,109,590</u>	<u>\$ 766,757,889</u>	<u>\$ 896,953,655</u>	<u>\$ 1,024,565,345</u>	<u>\$ 1,111,841,846</u>	<u>\$ 1,206,191,437</u>

City of League City, Texas

Pledged-Revenue Coverage

Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Gross revenues	\$ 34,160,892	\$ 36,354,740	\$ 38,388,126	\$ 36,612,022
Operating expenses ⁽¹⁾	<u>20,511,890</u>	<u>21,174,243</u>	<u>22,481,961</u>	<u>22,355,495</u>
NET REVENUES AVAILABLE FOR DEBT SERVICE	13,649,002	15,180,497	15,906,165	14,256,527
DEBT SERVICE REQUIREMENTS ⁽²⁾				
Principal	3,715,000	2,125,000	2,155,000	620,000
Interest	<u>598,413</u>	<u>492,100</u>	<u>412,925</u>	<u>361,244</u>
TOTAL	<u>\$ 4,313,413</u>	<u>\$ 2,617,100</u>	<u>\$ 2,567,925</u>	<u>\$ 981,244</u>
COVERAGE	3.16	5.80	6.19	14.53

(1) Gross revenues, as defined in the revenue bond ordinances, include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.

(2) Total operating expenses, as defined in the revenue and ordinances, do not include amortization, bond interest, and fiscal changes

(3) Debt service requirements are based on the expected debt service payments for the following fiscal year.

* Revenue bonds are defeased in fiscal year 2020 with General Obligation Refunding Bonds, Series 2019.

Schedule 13

2020*	2021*	2022*	2023*	2024*	2025*
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -					
-	-	-	-	-	-

City of League City, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years

Schedule 14

Fiscal Year Ended Sept 30	Population⁽¹⁾	(In Thousands) Personal Income	Per Capita Personal Income⁽²⁾	Median Age⁽²⁾	School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾	Education Level in Years of Formal Schooling⁽⁵⁾
2016	100,053	\$ 3,894,163	\$ 38,921	35.8	20,190	3.9%	43%
2017	102,635	4,200,132	40,923	35.9	20,567	4.1%	45%
2018	104,857	4,326,819	41,264	36.1	20,616	3.6%	44%
2019	106,803	4,595,199	43,025	36.2	20,126	3.1%	46%
2020	109,087	4,788,265	43,894	36.3	19,376	6.9%	46%
2021	110,467	4,966,486	44,959	36.5	19,530	4.7%	48%
2022	116,834	5,971,619	51,112	36.5	19,391	3.6%	50%
2023	118,740	6,048,972	50,943	36.8	19,507	3.6%	52%
2024	121,595	6,565,400	53,994	38.0	18,998	3.4%	51%
2025	123,910	6,830,787	55,127	38.2	18,892	4.0%	50%

Sources:

- (1) City of League City Planning Departments
- (2) ESRI
- (3) Clear Creek Independent School District (Estimate based on FY23-24 Budget)
- (4) Texas Workforce Commission
- (5) Percentage of population with bachelor's degree or higher - ERSI

Note: Personal income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment us based on the end of the school year.

City of League City, Texas
Principal Employers
Current Year and Nine Years Ago

Schedule 15

Employer	2025			2016	
	Employees⁽¹⁾	Percentage Total City Employment⁽²⁾	Rank	Employees	Rank
Clear Creek Independent School District	2,539	3.74%	1	5,608	1
UTMB	1,388	2.05%	2	705	3
HEB	1,032	1.52%	3	537	5
City of League City	680	1.00%	4	577	4
American National Insurance	577	0.85%	5	712	2
INEOS USA	499	0.74%	6	288	8
Walmart	350	0.52%	7	384	7
Kroger	315	0.46%	8	560	6
MD Anderson	263	0.39%	9	-	-
Harborview Care Center	250	0.37%	10	-	-
Devereaux Texas Treatment Network	-	-	-	215	9
Cabelas	-	-	-	180	10
	7,893	11.63%		9,766	

(1) Source: Human Resources Department for each company.
(2) Percentage of total employment is based on total City employment of 67,848 for 2025.
(3) Texas LMI, Data Axle 2025

City of League City, Texas

Full-Time Equivalent City Government Employees by Function Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GOVERNMENTAL ACTIVITIES				
General government	80.50	83.67	84.17	86.17
Public safety	223.00	225.33	231.33	234.33
Public works	97.00	98.00	101.00	106.00
Community service	88.75	89.75	92.50	98.00
BUSINESS-TYPE ACTIVITIES				
Water and wastewater	87.50	85.50	86.50	85.50
Ballpark	-	-	-	-
TOTAL CITY POSITIONS	<u>576.75</u>	<u>582.25</u>	<u>595.50</u>	<u>610.00</u>

Source: City Finance Department

Schedule 16

2020	2021	2022	2023	2024	2025
96.75	96.25	97.75	97.75	99.25	99.75
239.25	241.25	246.25	258.25	269.25	278.25
107.00	111.80	111.30	112.80	115.80	119.80
106.00	106.50	108.00	112.50	113.00	113.25
88.50	90.20	93.70	93.70	94.70	95.70
-	-	-	-	39.50	38.75
<u>637.50</u>	<u>646.00</u>	<u>657.00</u>	<u>675.00</u>	<u>731.50</u>	<u>745.50</u>

City of League City, Texas
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
CITY OF LEAGUE CITY				
Population	100,053	102,635	104,857	106,803
Square miles	53	53	53	53
Budgeted full-time employees	577	582	596	610
FUNCTION				
Police				
Arrests	4,526	3,868	3,900	3,630
Calls for service	41,863	40,925	37,358	38,025
Municipal court				
Traffic violations	11,621	10,570	10,893	8,884
Nontraffic violations	2,383	1,990	1,809	2,243
Fire/EMS Calls*				
Calls answered	1,115	1,787	1,672	1,724
Inspections	1,759	1,944	2,969	3,006
Parks and recreation				
Recreation program	\$ 647,066	\$ 629,303	\$ 699,536	\$ 718,000
Field and facility rentals	\$ 201,737	\$ 189,688	\$ 160,164	\$ 146,483
Community development				
Residential building permits issued	842	830	699	750
Residential building permits issued value	\$ 177,135,746	\$ 217,625,591	\$ 186,977,407	\$ 188,351,992
Commercial building permits issued	41	32	18	14
Commercial building permits issued value	\$ 31,860,865	\$ 45,303,061	\$ 69,142,896	\$ 16,940,660
Water				
Average daily gallons pumped-combined water (millions of gallons)	10.91	11.32	12.03	11.12
Average daily gallons pumped-surface water (millions of gallons)	10.44	11.25	12.03	11.12
Average daily gallons pumped-well water (millions of gallons)	0.00	0.08	0.01	0.01
Number of connections	32,459	33,310	34,102	34,617
Wastewater				
Average daily effluent treated (millions of gallons)	8.89	9.02	9.25	8.84
Number of connections	30,042	31,041	31,878	32,639

Source: Various City Departments

* Started including EMS calls in FY2022

Schedule 17

Fiscal Year					
2020	2021	2022	2023	2024	2025
109,087	110,467	116,834	118,740	121,595	123,910
53	53	53	53	53	53
638	646	657	675	732	746
2,390	2,493	2,645	2,918	2,824	2,771
29,615	43,815	48,198	29,322	29,517	31,173
5,270	5,270	6,499	9,301	10,933	9,958
1,477	1,477	1,598	1,550	1,314	1,195
1,777	2,021	9,231	9,328	9,964	10,889
2,149	2,509	2,142	2,868	2,899	3,780
\$ 315,999	\$ 525,403	\$ 730,310	\$ 820,389	\$ 836,686	\$ 826,738
\$ 39,051	\$ 88,441	\$ 150,245	\$ 160,308	\$ 180,817	\$ 183,608
592	386	333	578	1,032	701
\$ 150,960,673	\$ 115,297,345	\$ 92,361,529	\$ 134,906,545	\$ 240,847,540	\$ 212,514,078
12	3	17	19	10	18
\$ 43,625,306	\$ 3,645,300	\$ 25,282,375	\$ 19,569,699	\$ 46,155,999	\$ 43,340,000
11.66	11.16	12.32	12.38	11.84	12.80
11.66	11.12	12.22	12.28	11.81	12.76
0.00	0.04	0.10	0.10	0.0342	0.0472
35,611	36,074	36,514	36,878	38,806	39,260
9.98	9.48	8.66	8.40	8.0006	8.0090
33,843	35,413	34,713	35,437	36,242	37,408

City of League City, Texas
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

FUNCTION	Fiscal Year			
	2016	2017	2018	2019
General government				
Municipal buildings	38	38	39	39
City vehicles	319	325	344	354
Public safety				
Police protection				
Stations	1	1	1	1
Fire protection				
Stations/drill field	6	7	7	7
Fire apparatus	27	27	27	27
Public works				
Streets (miles of roadway)*	400	405	414	425
Community services				
Parks	15	15	15	15
Ball fields**	37	37	37	37
Swimming pools	2	2	2	2
Pavilions***	9	9	9	9
Park acreage developed	409	409	409	409
Water				
Water wells	8	8	9	9
Ground/elevated storage tanks	20	21	21	21
Water mains (miles)	479	484	494	501
Fire hydrants	4,243	4,109	4,348	4,441
Wastewater				
Wastewater treatment plants	3	2	2	2
Sanitary sewers (miles)	374	382	391	396
Sewer manholes	9,183	9,427	9,798	9,982

Source: Various City departments

*Previously, streets included private streets. Beginning in fiscal year 2025, only City maintained streets are accounted for.

**Previously, any open field with a backstop or soccer goal was considered a ball field. Beginning in fiscal year 2025, only fields with lightning and irrigation are classified as ball fields.

***Previously, this count included non-rentable areas and structures that were not classified as pavilions. Beginning in fiscal year 2025, the City only includes structures classified as pavilions and available for rent.

Schedule 18

Fiscal Year						
2020	2021	2022	2023	2024	2025	
37	37	37	37	37	37	37
360	359	375	368	445	456	
1	1	1	1	1	1	1
7	7	7	7	7	7	7
31	31	31	31	31	31	31
430	430	436	443	460	438	
15	15	16	16	17	16	
37	37	37	37	35	27	
2	2	2	2	2	2	
9	9	12	12	12	7	
603	603	631	631	648	632	
9	9	8	8	8	8	
21	21	21	21	20	20	
523	532	544	544	568	588	
4,855	4,992	4,880	5,167	5,226	5,448	
2	2	2	2	2	2	
400	404	415	427	428	428	
10,056	10,139	10,420	10,737	10,773	11,139	

